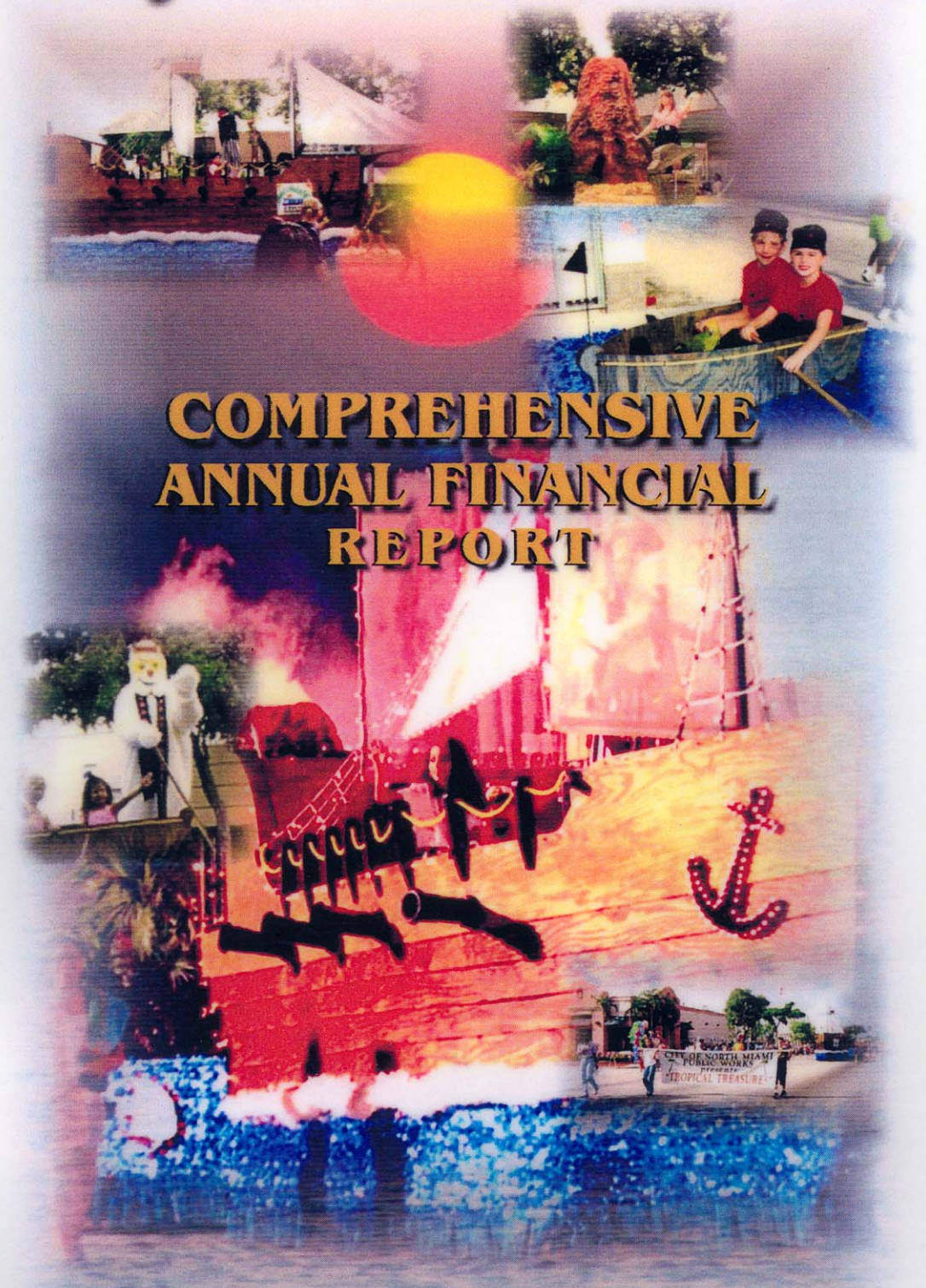


City of North Miami



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
September 30, 1998

CITY OF NORTH MIAMI, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 1998

ON THE COVER:

The City of North Miami's 1998 Winternational Festival

The collage includes pictures from the 1998 Winternational Festival which is held annually during the week of Thanksgiving. The festival events and parade are coordinated by the City's Parks and Recreation Department. The Winternational Parade is the featured event. The City's parade float, which was constructed by Public Works employees, was featured in the City of Miami's Orange Bowl Parade, receiving national recognition.

The cover collage was prepared by Gabriel Colon, Graphics Designer in the City's Community Planning and Development Department.

CITY OF NORTH MIAMI, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 1998

PREPARED BY:
FINANCE DEPARTMENT

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CITY OF NORTH MIAMI, FLORIDA

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PART I - INTRODUCTORY SECTION



City of North Miami

776 Northeast 125th Street, P.O. Box 610850, North Miami, Florida 33261-0850

(305) 893-6511

April 27, 1999

The Honorable Mayor and City Council
City of North Miami, Florida

The Comprehensive Annual Financial Report of the City of North Miami, Florida, for the fiscal year ended September 30, 1998 **as** required by Chapter 11.45 of the Florida Statutes and Chapter 10.550 of the Rules of the Auditor General of the State of Florida, is submitted for your review.

The City's Finance Department is responsible for the content of **this** financial report. We believe this report represents a fair presentation of the City's **financial** position and the result of operations as measured by the financial activities of its various funds and account groups, and that all disclosures necessary to enable the reader to gain the **maximum understanding** of the City's financial affairs have been included. The presentation of this financial report is being made in accordance with generally accepted accounting principles applicable to local **governments as** promulgated by the Governmental Accounting Standards Board.

The Comprehensive Annual Financial Report consists of four sections: introductory, **financial**, statistical and compliance. The introductory section contains the names of **principal** officials of the City, the organizational structure and highlighted **financial** information as contained within this letter. The financial section contains the report of the independent certified public accountants, the general purpose financial statements, and combining and individual fund and account group **financial** statements and schedules. The statistical section contains multi-year data that is intended to reflect social, economic and financial trends, as well as the fiscal capacity of the City. It is hoped that this information will give users of this report a better historical perspective and assist in assessing the current financial status. The fourth section (compliance) contains the supplementary auditor's reports, including the report on internal control and compliance and the single audit reporting in accordance with OMB Circular A-133 submitted by our auditors, Rachlin Cohen & **Holtz** LLP.

THE REPORTING ENTITY AND ITS SERVICES

The City of North Miami has been incorporated since 1926 and is a political subdivision of the State of Florida. The City operates under a council-manager form of government and provides general government, public safety, public works, sanitation, library, recreation and cultural event services to over 50,000 residents. In addition, the City operates the Water and Sewer Utility, Stormwater Utility and Solid Waste Services as enterprise activities. The Council is responsible for enacting ordinances, resolutions and regulations governing the City, as well as appointing the members of various advisory boards, the City Manager and City Attorney. The City Manager is responsible for the daily operations of the City and also for implementing policies adopted by the City Council.

The financial reporting entity (the City) includes all the funds and account groups of the primary government (i.e., the City of North Miami as legally defined), as well as all of its component units. Component units are legally separate entities for which the City of North Miami is financially accountable or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's **financial** statements to be misleading or incomplete.

Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The North Miami Museum and Art Center **d/b/a** Museum of Contemporary **Art** (MOCA) (a not-for-profit corporation) is reported as a discretely presented component unit. The North Miami Health Facilities Authority is also a component unit of the City, however, because there are no assets, liabilities or results of operations to report, disclosure is made only in the footnotes.

MAJOR INITIATIVES

ECONOMIC DEVELOPMENT

The City of North Miami's primary focus when it comes to economic growth is the redevelopment and intensification of existing commercial property and the enhancement of residential values through neighborhood revitalization. The City's ideal location midway between Fort Lauderdale and Miami and easy access to major transportation corridors, combined with a stable government responsive to the needs of the citizenry and business community, all make North Miami a desirable place in which to live and work.

The City has embarked on an active economic development program over the last decade. The City has seen considerable new commercial growth, particularly within the Biscayne Boulevard **District**, with the construction of two shopping centers totaling approximately 75,000 square feet, the renovation of several other retail facilities, including the former North Miami Medical Center for the Florida campus of Johnson & Wales University (the world's largest culinary school), the expansion and construction, respectively, of an existing **shopping/restaurant** center and a **bank/office** complex, and several new anchor restaurants. In addition to these private sector efforts, the City obtained state funding for the beautification of the Biscayne Boulevard corridor, consisting of landscaped medians, brick sidewalks, sidewalk plantings, and new lighting. These improvements were completed along with the Boulevard's widening to six lanes, and have been the model for similar projects elsewhere.

Being an entitlement City with metropolitan status, the City receives economic benefits that attach to such designation. The City continues to be the recipient of Community Development Block Grant (CDBG) funding which has been used to fund a variety of exciting and worthwhile projects ranging from a "wet tot lot" for young children, to downtown redevelopment (a joint venture between the private sector, the City, and the County), to housing rehabilitation programs. The FY97 entitlement in the amount of \$1,113,000 again funded housing rehabilitation and supported extensive commercial revitalization efforts as joint ventures with the private sector. The **FY98** entitlement in the amount of \$1,067,000 emphasizes the development of parks and recreation facilities, housing rehabilitation, and commercial revitalization.

The City's Museum of Contemporary **Art** (MOCA), which achieved its status as a museum in October 1995, was the recipient of \$3.5 million in grants (federal, state, county) for the construction of a new 23,000 square foot facility. Construction started in the fall of 1994 and was completed in February 1996. This significant expansion is part of a downtown redevelopment program, the focus of which is a Civic Center which includes a Civic Center Plaza for outdoor activities, such as concerts and festivals, and a 37,000 square foot police facility funded from General Obligation Bonds issued in 1992. Together with

MOCA and City Hall, this new police facility, completed in January 1997, is serving as a catalyst to a complete rejuvenation of the downtown core, and helping to create a true Civic Center Complex. As of the date of this writing, the first phase of downtown redevelopment was on-going; of the total \$400,000 construction cost, 35% is funded by City CDBG, 35% by County CDBG and 30% by the private property owners. Phase Two is projected to start in 1999.

PARKS & RECREATION

The North Miami Parks and Recreation Department has been widely recognized for achievements and advancements made in expanding leisure opportunities that appeal to the entire community, including a "water play" wet-tot-lot at **Gribble** Pool. It is very popular with North Miami's youngest residents, and a second facility is planned for Sasso Pool.

The Recreation Division offers a diversified program, which includes athletics, aquatics, special programs and classes, ceramics, gymnastics, tennis, senior activities, seasonal and holiday programs, a grand Independence Day Celebration at the North Miami Athletic Stadium Complex, and the annual Winternational Thanksgiving Day Parade and **5K** Run. This year the City of North Miami's Winternational Parade float, constructed by Public Works employees, was featured in the City of Miami Orange Bowl Parade, receiving national recognition (see cover photo).

The Recreation Division supports numerous community events, including the Winternational Festival, the Miss North Miami Scholarship Pageant, Veteran's and Memorial Day services, the Senior Showcase, the North Miami Community Concert Band, numerous flea markets and other community organization events.

The Parks Division is responsible for the maintenance and upkeep of all City parks and facilities, as well as the beautification and landscaping of all City parks, properties, medians and cul-de-sacs. An extensive annual urban tree planting program has resulted in the planting of over 18,000 trees on City streets and avenues. The City of North Miami has been designated for many years as one of America's "Tree Cities", has won the Tree City Growth Award numerous times and was the 1995 Florida Tree City of the Year. The Enchanted Forest Elaine Gordon Park, a 22-acre natural hammock facility, offers a full-time environmental program under the supervision of a Park Naturalist.

OTHER

As discussed in Note 16 to the general purpose financial statements, although no final resolution has been reached with respect to the Interama land tract, great progress has been made. In September 1997, the EPA's record of decision was amended to indicate that no further remedial action was required by the City. The City anticipates that the consent decree will be dismissed and the site will be delisted during 1999. The City continues to disclose a \$9 million liability in the General Long-Term Debt Account Group towards final closure of the Interama land tract; however, the City anticipates that the balance of the liability will be funded by sources of revenue outside the City. In 1996, the City entered into a grant agreement with Miami-Dade County, Florida for four 5 year terms in which the County has agreed to provide an annual grant not to exceed \$1,000,000 which commenced on October 1, 1996 and thereafter each year during the term of the agreement. Grant funds will be utilized solely to pay the cost of the Superfund Remedy and the final closure of the Munisport site, including debt service on the Capital Improvement Revenue Bonds.

ACCOUNTING AND BUDGETARY CONTROLS

The City maintains extensive budgetary control to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general, special revenue,

debt service, capital projects, internal service, enterprise, and the trust funds are included in the annual appropriated budget.

Control of the annual budget, adopted by the City Council, is maintained by a constant review by the Finance Director, Administration Director, Budget Administrator and City Manager with monthly financial reports being prepared for internal use at the departmental level. The budget was amended in accordance with provisions of the City Charter during the fiscal year.

City Management is responsible for establishing and maintaining a system of internal control designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The system of internal control has been designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits require estimates and judgment by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

GENERAL GOVERNMENT

The General Fund is the general operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs, not paid through other funds, are paid from this fund.

Revenues of the General Fund amounted to \$25,017,619 during fiscal year 1998, an increase of 3.1% from the previous fiscal year. Tax revenues are a combination of ad valorem property taxes, sales and use taxes, utility service taxes and franchise fees. Property taxes produced approximately 33.7% of the General Fund revenues during the year compared to 33.4% for the previous year.

The amount of General Fund revenues from various sources, fund expenditures, and the increases and decreases over the previous year are shown in the following tabulation. As indicated, there were no significant percentage changes in annual revenue sources, from the previous year, with the exception of other revenues which in 1997 included approximately \$89,000 in Munisport litigation proceeds.

	<u>1998</u>		<u>1997</u>		Increase (Decrease) <u>Over 1997</u>	
	<u>Amount</u>	Percent of Total <u>Revenues</u>	<u>Amount</u>	Percent of Total <u>Revenues</u>	<u>Amount</u>	<u>Percent</u>
Revenues:						
Taxes	\$14,863,794	59.4%	\$14,366,869	59.2%	\$ 496,925	3.4%
Licenses and permits	837,967	3.3	,854,755	3.5	(16,788)	(2.0)
Intergovernmental revenues	4,719,807	18.9	4,413,464	18.2	306,343	6.9
Charges for services	3,747,788	15.0	3,660,536	15.1	87,252	2.4
Fines and forfeitures	270,701	1.1	273,701	1.1	(3,000)	(1.1)
Other (including interest)	<u>577,562</u>	<u>2.3</u>	<u>691,268</u>	<u>2.9</u>	<u>(113,706)</u>	<u>(16.4)</u>
	<u>\$25,017,619</u>	<u>100.0%</u>	<u>\$24,260,593</u>	<u>100.0%</u>	<u>\$ 757,026</u>	<u>3.1%</u>

The General Fund operating tax levy was 7.236 mills as compared to the 1997 millage rate of 7.232. Tax revenues increased \$496,925 in **FY98** reflective of the City's active economic development program. Intergovernmental revenues increased \$306,343 and are inclusive of approximately \$115,000 in FEMA reimbursement proceeds for costs incurred during Hurricane Georges and approximately \$117,000 in post disaster (Hurricane Andrew) Hazard Mitigation Grant proceeds.

Operating expenditures for the General Fund amounted to \$24,028,237, a decrease of 2.7% over the preceding year. The expenditures for the major functions of the City are shown in the following tabulation:

	<u>1998</u>		<u>1997</u>		Increase (Decrease) Over 1997	
	<u>Amount</u>	Percent of Total <u>Expenditures</u>	<u>Amount</u>	Percent of Total <u>Expenditures</u>	<u>Amount</u>	<u>Percent</u>
Expenditures:						
General government	\$ 7,237,875	30.1%	\$ 8,471,369	34.3%	\$(1,233,494)	(14.5)%
Public works	1,477,987	6.2	1,541,852	6.2	(63,865)	(4.1)
Public safety	8,809,452	36.7	8,570,314	34.7	239,138	2.8
Culture/recreation	4,097,994	17.0	3,945,111	15.9	152,883	3.9
Community planning and development	1,407,313	5.8	1,313,025	5.4	94,288	7.2
Capital outlay	687,465	2.9	585,832	2.4	101,633	17.3
Grants/aid	<u>310,151</u>	<u>1.3</u>	<u>275,493</u>	<u>1.1</u>	<u>34,658</u>	<u>12.6</u>
	<u>\$24,028,237</u>	<u>100.0%</u>	<u>\$24,702,996</u>	<u>100.0%</u>	<u>\$ (674,759)</u>	<u>(2.7)%</u>

In **FY98**, general government expenditures decreased \$1,233,494 primarily as a result of reduced employer pension costs. In 1997, the City issued approximately \$12 million in taxable Special 'Obligation Bonds for the purpose of discharging the unfunded actuarial liabilities of the City's two defined benefit pension plans as of October 1, 1997. By eliminating the unfunded pension liabilities, the City has realized a savings equivalent to the difference between the pension plans 9% per year assumed rate of return and the interest paid on the debt issue. The most significant percentage change in expenditures was a 17.3% increase in capital outlay. Capital projects in progress during FY98 include a post-disaster (Hurricane Andrew) mitigation project for seawall repairs to public property within the City's jurisdiction and improvements to City parks and recreational facilities. In 1998, the City recognized intergovernmental revenues and non-departmental expenditures in the amount of \$147,586 as on-behalf payments for contributions into the City of North Miami Police Officers' Retirement Pension Fund Share Plan for state insurance premium tax monies. The result of General Fund operations in 1998, generated on a budgetary basis a favorable variance of \$2,506,987 over the 1998 budgeted fund balance appropriation of \$1,687,928. This variance is primarily attributable to capital projects that were budgeted but not completed during **FY98**. The GAAP basis unreserved fund balance in the General Fund at September 30, 1998, totaled \$2,728,114.

In addition to the General Fund operations, the City accounts for certain other government operations within its special revenue funds. Such operations include police training and library services funded by revenues restricted to such use. The Landfill Closure Fund accounts for completion of the closure design and implementation of the plan to properly close the Munisport site. During 1998, \$566,710 in closure-related costs were capitalized. In 1994, the City established the Community Development Block Grant Fund to account for direct entitlements from the federal government. The funds are used to provide decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income; the CDBG entitlement for 1998 was \$1,067,000. Additionally, in 1996, the City established the Local Housing Assistance Fund (SHIP) to account for State Entitlement

Funds to be used for the creation of local housing partnerships to provide affordable housing throughout the City; the entitlement for 1998 was \$185,737. The Business Assistance Loan Fund was created to account for CDBG funds provided for the retention and expansion of business and industry in the City, and for the retention of permanent private sector job opportunities. The funds for the loans are provided from the City's CDBG entitlement. To date, one loan application in the amount of \$100,000 has been approved and is in the process of closing. Several additional special revenue funds were established during FY98, however, they generated no activity. These funds include the Multi-Family Rehab Loan and Energy Revolving Funds.

During 1998, the City's capital project funds expended approximately \$342,000 for capital outlays. In addition to infrastructure repairs (streets and sidewalks), the capital projects in progress during 1998 included a fully operational emergency generator for the Museum of Contemporary Art and building improvements and office equipment for the City's new Police Building dedicated in June 1997. The Gas Tax Transportation Fund accounts for the City's share of the imposed local gas tax to be used for the purpose of implementing transportation-related capital improvements. In 1998, the Safe Neighborhood Parks Fund was established to account for the receipt and expenditure of funds from the County's Parks Bond Issue. There were no revenues or expenditures in this fund during FY98.

ENTERPRISE FUND OPERATIONS

The City's enterprise operations are comprised of three separate activities: the Water and Sewer Utility, the Solid Waste Services and the Stormwater Utility. Management believes that accounting for such operations as enterprise funds will provide more accountability and management control.

The City's Water and Sewer Utility, which operates independently from the county-wide Miami-Dade Water and Sewer Department, services all areas within the City limits and certain districts outside the City limits.

Solid Waste Services provide sanitation, recycling, and animal control services to City residents. The Stormwater Utility was established to maintain and make improvements to the City's stormwater system and to reduce pollutants from stormwater runoff. Results for the enterprise operations were as follows:

	<u>1998</u>	<u>1997</u>
Operating Revenues:		
Metered water sales	\$ 5,282,903	\$ 5,184,467
Sanitary sewer services	1,398,977	1,398,897
Sewage treatment charges	7,952,865	7,725,679
Solid waste services	4,511,319	4,417,853
Stormwater charges	842,102	834,549
Other charges for services	<u>233,207</u>	<u>171,362</u>
Total operating revenues	20,221,373	19,732,807
Operating expenses	(18,775,287)	(19,261,194)
Depreciation expense	<u>(939,285)</u>	<u>(928,698)</u>
Operating income (loss)	506,801	(457,085)
Non-operating income (expense):		
Operating grant	126,800	128,434
Interest	558,111	572,588
Interest and fiscal charges	(278,033)	(293,586)
Other	<u>28,201</u>	<u>84,197</u>
Net income before operating transfers	<u>\$ 941,880</u>	<u>\$ 34,548</u>

Each enterprise fund reported net income before operating transfers as follows:

	<u>1998</u>	<u>1997</u>
Water and Sewer Utility	\$915,303	\$(261,277)
Solid Waste Services	90,303	36,039
Stormwater Utility	<u>(63,726)</u>	<u>259,786</u>
Net income before operating transfers	<u>\$941,880</u>	<u>\$ 34,548</u>

The Water and Sewer Utility continues efforts to become self-sustaining relative to water production with a Water Plant Expansion Feasibility Study currently in progress. In 1997, the Water and Sewer Utility rehabilitated most of the well pumps which resulted in increased production capacity. As a result, the volume of water purchased from Miami-Dade Water and Sewer Department decreased. The County, however, has increased the cost of water to its bulk customers by 15.6%. Effective July 1, 1998, the City imposed a 25% surcharge on outside City water and sewer rates. This new surcharge generated \$140,352 in additional revenues in **FY98**.

The Water and Sewer revenues are pledged for debt service payments on the Series 1963, 1964 and 1965 Water and Sewer Revenue Refunding and Improvement Bonds of which \$6,595,000 is outstanding at September 30, 1998. The Water and Sewer Enterprise Fund's restricted assets at the end of 1998 included approximately \$3,523,000 held in various reserve accounts for debt service on the Water and Sewer bonds.

In September 1995, the City entered into a 20 year Interlocal Agreement with Miami-Dade County for Solid Waste Disposal at a rate of \$45 per ton; this rate is to be adjusted after the third year by the Consumer Price Index. In an effort to further economize, the Public Works Department has reduced other operating costs by realigning sanitation routes and decreasing staff. The imposition of a backyard pick up charge in FY97 has resulted in the elimination, through attrition of five full time positions in this fund. During 1998, single-family sanitation fees were increased by \$6 to \$366 annually. These cost saving measures are expected to help reduce the deficit in this fund.

In **FY98**, the Stormwater Utility became independent of Miami-Dade County. The Utility, when established, was instituted as a district of the Dade County Stormwater Utility. Due to liability concerns and related conflicts, the County requested that the Utility be administered entirely by the City and not as a district of the County's Stormwater Utility. Expenditures in this fund for **FY98** include costs associated with completion of the Stormwater Master Plan and several drainage improvement projects. As a result of programs funded in the Stormwater Utility, property owners benefit from reduced flood insurance premiums through the City's participation in the National Flood Insurance' Programs Community Rating System.

RISK MANAGEMENT OPERATIONS

The City's General Liability and Workers' Compensation insurance programs are accounted for within the General Risk Management Internal Service Fund. This fund contains liability reserves, including Incurred But Not Reported (IBNR) and Allocated Loss Adjustment Expenses (ALAE) reserves, as required by the Governmental Accounting Standards Board's Statement No. 10. The various City departments are assessed a charge based upon requirements of the program. The City purchases commercial insurance coverage for law enforcement officers' and public officials' liability. The Workers' Compensation self-insurance program is administered by an outside party. Group health coverage became fully insured on January 1, 1998. Funds remaining in the Health Insurance Trust Fund will be used over a period of years to pay the costs of employee health insurance premiums as approved by City Council.

PENSION TRUST AND AGENCY FUND OPERATIONS

The City of North Miami has two Defined Benefit Pension Plans. The Clair T. **Singerman** (CTS Plan) Employees' Retirement System covers police officers hired before January 1, 1977, and all general employees and former North Miami firefighters. The Retirement System for Sworn Police Personnel Hired on or After January 1, 1977 - 748 Plan covers police officers hired after January 1, 1977. A separate Board of Trustees is responsible for the administration of each Plan. Two members of each Board are assigned as trustees as a result of their City positions, one member is designated by the City Manager, and the remainder are elected by the Plan membership.

During the year, the pension revenues for the CTS Plan were derived from employee contributions of \$1,005,471, actuarially-determined City contributions of \$365,913, State and County contributions for firefighters who elected to remain in the CTS Plan of \$420,114, and net investment earnings of \$100,483. The Fund's net assets at September 30, 1998, amounted to \$55,233,547. During the year, the revenues for the 748 Plan were derived from employee contributions of \$133,909, actuarially-determined City contributions of \$424,916, and net investment earnings of \$948,870. The Fund's net assets at September 30, 1998 amounted to \$18,162,848. On September 18, 1997, the City issued \$11,900,000 of 1997 Taxable Special Obligation Bonds for the purpose of discharging the unfunded actuarial liabilities of the CTS and 748 Plans as of October 1, 1997.

The City also offers two defined contribution pension plans. The North Miami Police Officers' Retirement Pension Fund Share Plan covers all City police officers and is funded through state insurance premium tax monies. The City of North Miami Department Managers' Pension Plan covers the City's department managers and is funded through City employer contributions consisting of 10% of a participant's compensation. These plans are not reported as funds of the City, but are disclosed in the notes to the financial statements as defined contribution pension plans.

The City also sponsors two deferred compensation plans which qualify under Internal Revenue Code **Section 457**. The Plans, previously accounted for in an agency fund, are funded by employee contributions and administered by independent fiduciary agents. These plans do **not** meet the fiduciary criteria found in NCGA Statement No. 1 and, accordingly, in compliance with GASB Statement No. 32 are no longer reported on the City's balance sheet.

DEBT ADMINISTRATION

As of the end of the fiscal year, the City's net general obligation bonded debt was \$5,854,000 or 49% of net assessed value. The net direct general debt per capita equaled \$117 as of year-end.

During 1998, principal and interest installments were paid as scheduled. General obligation debt principal retired during the year amounted to \$1,000,000.

In 1996, the City issued approximately \$4.5 million in Capital Improvement Revenue Bonds to fund a portion of the cost of the Superfund Remedy and the final closure of the Munisport site. The bonds are to be repaid over a 5 year period beginning in fiscal year 1997 and are payable from and secured by certain annual grant payments to be received from Miami-Dade County, Florida.

In 1997, the City issued approximately \$12 million in taxable Special Obligation Bonds for the purpose of discharging the unfunded actuarial liabilities of the City's two defined benefit pension plans as of October 1, 1997, and to pay bond issuance costs. As a result of this action, the City realized a present value savings in funding its actuarial liabilities of approximately \$1,005,000. Debt service on these bonds is funded by non-ad valorem funds budgeted and appropriated by the City on an annual basis.

CASH MANAGEMENT

The City maintains a pooled cash account for all funds excluding the Pension Trust **funds**. The cash management program involves a mix of keeping principal and earnings free from risk, maintaining adequate liquidity to meet the City's obligations, and maximizing investment return through the solicitation of competitive rates from various investment sources. In 1995, the City formally adopted its written investment policy pursuant to Section 218.415, Florida Statutes.

The City has primarily invested in Certificates of Deposits (CD) with financial institutions, collateralized as required by Florida Statutes Chapter 280 "Florida Security for Public Deposits Act". The average yields on maturing CD investments during the year ranged from 5.70% to 5.83%. The City's CD investing activities produced interest earnings for the year of \$664,302. The combined interest earnings from the City's Repurchase Agreement and from CD investments totaled \$1,371,367. Total interest earned **from** all sources, including assets held and managed by fiscal agents was \$1,444,157. The City's Defined Benefit Pension Plans and Defined Contribution Plans manage their own funds, and are not included in the City's pooled cash system. The Pension Trust funds' investment portfolio also includes corporate stocks and bonds.

OTHER INFORMATION

Independent Audit: Florida Statutes and the City Charter require an annual audit by independent certified public accountants. The accounting firm of Rachlin Cohen & **Holtz** LLP has audited the general purpose financial statements of the City for the year ended September 30, 1998. The opinion of the independent certified public accountants on the general purpose financial statements, and an in-relation to opinion on the combining and individual fund and account group statements and schedules, is included in the financial section of this report.

Certificate of Achievement Program: The Government Finance Officers Association (GFOA) awarded the City its ninth consecutive Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 1997. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the September 30, 1998, Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

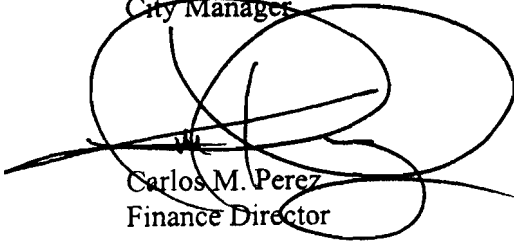
Acknowledgments: The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the Finance Department. **Each member** of the Department has our sincere appreciation for the contributions made in the preparation of this report. We also would like to express our appreciation to our Independent Certified Public Accountants, Rachlin Cohen & Holtz, for their cooperation and assistance.

The guidance and cooperation of the City Council in planning and conducting the financial affairs of the City of North Miami are gratefully appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lee R. Feldman".

Lee R. Feldman
City Manager

A large, stylized handwritten signature in cursive script, appearing to read "Carlos M. Perez".

Carlos M. Perez
Finance Director

CITY OF NORTH MIAMI, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 1998

COUNCIL - MANAGER FORM OF GOVERNMENT

CITY COUNCIL
Howard Premer, Mayor

Jeanette L. Carr
Anthony D. Caserta
Arthur "Duke" Sorey, Jr.
Frank Wolland

CITY MANAGER
Lee R. Feldman

CITY ATTORNEY
John Dellagloria

CITY CLERK
Simon H. Bloom

FINANCE DIRECTOR
Carlos M. Perez

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
Rachlin Cohen & Holtz LLP

PART II - FINANCIAL SECTION

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**



Rachlin Cohen & Holtz LLP
Certified Public Accountants & Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor, City Council and City Manager
City of North Miami, Florida

We have audited the accompanying general purpose financial statements of the City of North Miami, Florida, (the City) as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the North Miami Museum and Arts Center, Inc. d/b/a Museum of Contemporary Art (MOCA), a component unit of the City which is discretely presented as a separate column in the general purpose financial statements of the City. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for MOCA, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. **An** audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. **An** audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of North Miami, Florida, as of September 30, 1998 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 1999 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, grants and contracts.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the combining, individual fund and account group statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

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Member of the American Institute of Certified Public Accountants and member of the Florida Institute of Certified Public Accountants



Honorable Mayor, City Council and City Manager
City of North Miami, Florida
Page 2

The year 2000 supplementary information on page 43 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the City of North Miami is or will become year 2000 compliant, that the City of North Miami's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of North Miami does business are or will become year 2000 compliant.

The information shown in the statistical section listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion thereon.

Racklin Cohen + Holz LLP

Miami, Florida
February 12, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF NORTH MIAMI, FLORIDA

EXHIBIT I

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT

SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

Assets and Other Debits	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals Primary	Component	Totals	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust	General Fixed Assets	General Long-Term Debt	Government (Memorandum Only)	Unit MOCA	Reporting Entity (Memorandum Only)	
												1998	1997
Assets:													
Cash and short-term investments	\$2,349,909	\$ 207,555	\$ 23,093	\$1,065,206	\$ 2,315,160	\$ 3,285,297	\$ 2,631,667	\$ -	\$ -	\$ 11,877,887	\$ 170,864	\$ 12,048,751	\$ 18,505,120
Cash with fiscal agents	-	-	8,136	23,607	-	-	-	-	-	31,743	-	31,743	150,586
Certificates of deposit	1,000,000	2,400,000	-	1,700,000	2,350,000	3,950,000	500,000	-	-	11,900,000	-	11,900,000	7,600,000
Pension investment securities	-	-	-	-	-	-	70,644,326	-	-	70,644,326	-	70,644,326	73,720,976
Receivables:													
Taxes	79,300	7,590	12,984	-	-	-	-	-	-	99,874	-	99,874	118,578
Customer unbilled accounts	-	-	-	-	2,522,267	-	-	-	-	2,522,267	-	2,522,267	2,363,647
Customer accounts, net	-	-	-	-	2,229,469	-	-	-	-	2,229,469	-	2,229,469	2,219,381
Accrued interest and dividends	1,630	-	-	2,575	5,861	6,060	465,122	-	-	481,248	-	481,248	475,143
Intergovernmental	303,305	320,566	-	-	72,412	76,967	42,764	-	-	816,014	-	816,014	369,956
Pension contributions	-	-	-	-	-	-	11,989	-	-	11,989	-	11,989	530,416
Receivable on investments sold	-	-	-	-	-	-	364,547	-	-	364,547	-	364,547	107,313
Miscellaneous	128,706	637	-	-	245,738	7,811	1,000	-	-	383,892	70,671	454,563	448,619
Advances to other funds	-	-	-	-	-	31,479	-	-	-	31,479	-	31,479	-
Due from other funds	677,688	-	-	-	-	36,149	45,657	-	-	759,494	-	759,494	281,002
Inventories and supplies	9,064	-	-	-	122,603	31,807	-	-	-	163,474	11,515	174,989	160,353
Interfund receivable	-	-	-	-	70,526	394,612	-	-	-	465,138	-	465,138	513,001
Net investment in sales-type lease	-	-	-	-	1,556,659	-	-	-	-	1,556,659	-	1,556,659	1,689,299
Fixed assets, net	-	-	-	-	24,560,206	3,417,851	-	61,290,746	-	89,268,803	2,653	89,271,456	87,112,023
Other assets	9,948	-	3,500	-	-	78,287	1,279	-	-	93,014	106,327	199,341	119,076
Restricted assets:													
Cash and investments	-	-	-	-	4,273,837	-	-	-	-	4,273,837	-	4,273,837	4,468,945
Other debits:													
Amount available in debt service funds:													
Capital improvement bonds	-	-	-	-	-	-	-	-	-	-	-	-	467
General obligation bonds	-	-	-	-	-	-	-	-	21,126	21,126	-	21,126	10,667
Pension obligation bonds	-	-	-	-	-	-	-	-	18,451	18,451	-	18,451	15,942
Amount to be provided for retirement of general long-term debt:													
General obligation bonds	-	-	-	-	-	-	-	-	5,853,874	5,853,874	-	5,853,874	6,864,333
Capital improvement bonds	-	-	-	-	-	-	-	-	2,791,453	2,791,453	-	2,791,453	3,634,346
Pension obligation bonds	-	-	-	-	-	-	-	-	11,881,549	11,881,549	-	11,881,549	11,884,058
Accrued vacation and sick leave	-	-	-	-	-	-	-	-	4,369,423	4,369,423	-	4,369,423	4,190,083
Other long-term debt	-	-	-	-	-	-	-	-	9,000,000	9,000,000	-	9,000,000	9,000,000
Total assets and other debits	\$4,559,550	\$2,936,348	\$ 47,713	\$2,791,388	\$40,324,738	\$11,316,320	\$74,708,351	\$61,290,746	\$33,935,876	\$231,911,030	\$362,030	\$232,273,060	\$236,553,330

See notes to general purpose financial statements

(Continued)

CITY OF NORTH MIAMI, FLORIDA

EXHIBIT 1
Continued

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS
AND DISCMTELY PRESENTED COMPONENT UNIT

SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust	General Fixed Assets	General Long-Term Debt		MOCA	1998	1997
<u>Liabilities, Equity and Other Credits</u>													
Liabilities:													
Accounts payable	\$ 304,662	\$ 256,676	\$ -	\$ 65,756	\$ 1,001,970	\$ 50,695	\$ 84,080	\$ -	\$ -	\$ 1,763,839	\$ 10,854	\$ 1,774,693	\$ 1,948,014
Benefits payable	-	-	-	-	-	-	128,365	-	-	128,365	-	128,365	1,397,206
Retainage and contracts payable	13,592	-	-	150,770	-	-	-	-	-	164,362	-	164,362	144,440
Accrued liabilities, principally salaries	397,096	9,306	-	-	69,968	13,571	-	-	-	489,941	-	489,941	371,394
Compensated absences	12,193	-	-	-	1,077,174	188,044	-	-	4,369,423	5,646,834	-	5,646,834	5,521,934
Estimated claims payable	-	-	-	-	-	2,684,000	-	-	-	2,684,000	-	2,684,000	3,588,222
Accrued payroll deductions	217,768	10,120	-	-	59,112	12,043	-	-	-	299,043	-	299,043	403,849
Customer deposits	99,300	-	-	-	1,544,998	-	-	-	-	1,644,298	-	1,644,298	1,568,341
Matured bonds and interest payable	-	-	8,136	-	-	-	-	-	-	8,136	-	8,136	9,723
Payable from restricted assets	-	-	-	-	752,616	-	-	-	-	752,616	-	752,616	753,426
Advances from other funds	31,479	-	-	-	-	-	-	-	-	31,479	-	31,479	-
Payable on investments purchased	-	-	-	-	-	-	-	-	-	-	-	-	2,119,392
Due to other funds	-	257,850	-	77,340	377,408	-	46,896	-	-	759,494	-	759,494	281,002
Due to other governmental units	4,138	530	-	814	1,088,208	-	-	-	-	1,093,690	-	1,093,690	1,070,340
Interfund payable	105,421	-	-	-	359,717	-	-	-	-	465,138	-	465,138	513,001
Deferred revenue	347,765	589,436	-	10,644	-	-	316,426	-	-	1,264,271	33,855	1,298,126	753,766
General obligation bonds payable	-	-	-	-	-	-	-	-	5,875,000	5,875,000	-	5,875,000	6,875,000
Revenue bonds payable	-	-	-	-	6,167,061	-	-	-	-	6,167,061	-	6,167,061	6,555,919
Capital improvement bonds payable	-	-	-	-	-	-	-	-	2,791,453	2,791,453	-	2,791,453	3,634,813
Pension obligation bonds	-	-	-	-	-	-	-	-	11,900,000	11,900,000	-	11,900,000	11,900,000
Other long-term payable	-	-	-	-	-	-	-	-	9,000,000	9,000,000	-	9,000,000	9,000,000
Total liabilities	1,533,414	1,123,918	8,136	305,324	12,498,232	2,948,353	575,767	-	33,935,876	52,929,020	44,709	52,973,729	58,409,782
Equity and other Credits:													
Contributed capital	-	-	-	-	9,275,959	4,089,497	-	-	-	13,365,456	-	13,365,456	13,216,573
Investment in general fixed assets	-	-	-	-	-	-	-	61,290,746	-	61,290,746	-	61,290,746	59,550,773
Retained earnings:													
Reserved for retirement and sinking funds	-	-	-	-	3,521,221	-	-	-	-	3,521,221	-	3,521,221	3,715,519
Other reserves	-	-	-	-	-	1,751,692	-	-	-	1,751,692	-	1,751,692	3206,961
Unreserved	-	-	-	-	15,029,326	2,526,778	-	-	-	17,556,104	-	17,556,104	14,179,200
Fund balances:													
Reserved for:													
Employees pension benefits	-	-	-	-	-	-	73,396,395	-	-	73,396,395	-	73,396,395	76,765,730
Encumbrances	288,958	66,597	-	27,780	-	-	-	-	-	383,335	-	383,335	183,504
Inventories and supplies	9,064	-	-	-	-	-	-	-	-	9,064	-	9,064	11,846
Debt service	-	-	39,577	-	-	-	-	-	-	39,577	-	39,577	27,076
Unreserved:													
Designated-suhsequent year's expenditures	2,125,990	1,745,833	-	2,458,284	-	-	736,139	-	-	7,066,296	-	7,066,296	6,660,124
Undesignated	602,124	-	-	-	-	-	-	-	-	602,124	317,321	919,445	626,242
Total equity and other credits	3,026,136	1,812,430	39,577	2,486,064	27,826,506	8,367,967	74,132,584	61,290,746	-	178,982,010	317,321	179,299,331	178,143,548
Total liabilities, equity and other credits	\$4,559,550	\$2,936,348	\$47,713	\$47,713	\$40,324,738	\$11,316,320	\$74,708,351	\$61,290,746	\$33,935,876	\$231,911,030	\$231,911,030	\$232,273,060	\$236,553,330

See notes to general purpose financial statements.

CITY OF NORTH MIAMI, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 AND DISCRETELY PRESENTED COMPONENT UNIT

FISCAL YEAR ENDED SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	Governmental Fund Types				Fiduciary Fund Type	Totals Primary Government (Memorandum Only)	Component Unit MOCA	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust			1998	1997
Revenues:									
Taxes	\$14,863,794	\$ 808,014	\$ 1,382,129	\$ 327,088	\$ -	\$ 17,381,025	\$ -	\$17,381,025	\$16,855,154
Licenses and permits	837,967	-	-	-	-	837,967	-	837,967	854,755
Intergovernmental	4,719,807	2,158,997	-	53,812	86,036	7,018,652	114,792	7,133,444	6,056,838
Charges for services	3,747,788	10,016	-	-	-	3,757,804	235,735	3,993,539	3,797,871
Fines and forfeitures	270,701	-	-	-	738,943	1,009,644	-	1,009,644	905,418
Other (including interest)	577,562	675,632	2,509	150,206	60,210	1,466,119	375,944	1,842,063	1,656,223
Total revenues	25,017,619	3,652,659	1,384,638	531,106	885,189	31,471,211	726,471	32,197,682	30,126,259
Expenditures:									
Current:									
General government	7,237,875	-	-	-	-	7,237,875	-	7,237,875	8,471,369
Public works	1,477,987	-	-	-	-	1,477,987	-	1,477,987	1,541,852
Public safety	8,809,452	5,353	-	-	233,778	9,048,583	-	9,048,583	8,799,420
Culture/recreation	4,097,994	768,035	-	-	-	4,866,029	989,408	5,855,437	5,563,051
Community planning and development	1,407,313	146,260	-	-	-	1,553,573	-	1,553,573	1,568,566
Physical environment	-	469,386	-	-	-	469,386	-	469,386	193,754
Economic environment	-	4,209	-	-	-	4,209	-	4,209	5,425
Grants/aids	310,151	640,225	-	-	-	950,376	-	950,376	504,086
Capital outlay	687,465	729,667	-	342,447	97,088	1,856,667	-	1,856,667	2,006,546
Debt service:									
Principal retirement	-	-	1,843,360	-	-	1,843,360	-	1,843,360	1,832,076
Interest and fiscal charges	-	-	1,204,374	-	-	1,204,374	-	1,204,374	727,759
Contributions to pension funds	-	-	-	-	-	-	-	-	11,412,917
Total expenditures	24,028,237	2,763,135	3,047,734	342,447	330,866	30,512,419	989,408	31,501,827	42,626,821
Excess (deficiency) of revenues over expenditures	989,382	889,524	(1,663,096)	188,659	554,323	958,792	(262,937)	695,855	(12,500,562)
Other financing sources(uses):									
Operating transfers in	829,858	-	1,675,597	19,378	26,859	2,551,692	-	2,551,692	1,300,858
Operating transfers in-primary government	-	-	-	-	-	-	391,849	391,849	454,645
Operating transfers out	(439,081)	(1,270,664)	-	(321,577)	(304,518)	(2,335,840)	-	(2,335,840)	(1,300,858)
Operating transfers out-component unit	(391,849)	-	-	-	-	(391,849)	-	(391,849)	(454,645)
Debt proceeds	-	-	-	-	-	-	-	-	11,604,892
Total other financing sources (uses)	(1,072)	(1,270,664)	1,675,597	(302,199)	(277,659)	(175,997)	391,849	215,852	11,604,892
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	988,310	(381,140)	12,501	(113,540)	276,664	782,795	128,912	911,707	(895,670)
Fund balances, beginning	1,998,128	2,232,249	27,076	2,603,405	459,525	7,320,383	188,409	7,508,792	8,403,420
Equity transfer in (out)	42,480	(38,679)	-	(3,801)	-	-	-	-	-
Increase (decrease) in inventory reserve	(2,782)	-	-	-	-	(2,782)	-	(2,782)	1,042
Fund balances, ending	\$ 3,026,136	\$1,812,430	\$ 39,577	\$2,486,064	\$ 736,189	\$ 8,100,396	\$317,321	\$ 8,417,717	\$ 7,508,792

See notes to general purpose financial statements.

CITY OF NORTH MIAMI, FLORIDA

EXHIBIT III

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS

ALL GOVERNMENTAL FUND TYPES

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	General Fund			Special Revenue Funds			Annually Budgeted Debt Service Funds			Capital Projects Funds		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
Revenues:												
Taxes	\$ 14,531,236	\$ 14,863,794	\$ 332,558	\$ 798,548	\$ 808,014	\$ 9,466	\$ 1,360,405	\$ 1,382,129	\$ 21,724	\$ 321,010	\$ 327,088	\$ 6,078
Licenses and permits	807,300	837,967	30,667	-	-	-	-	-	-	-	-	-
Intergovernmental	4,935,128	4,572,221	(362,907)	4,776,470	2,158,997	(2,617,473)	-	-	-	1,250,000	53,812	(1,196,188)
Charges for services	3,729,147	3,747,788	18,641	11,200	10,016	(1,184)	-	-	-	-	-	-
Fines and forfeitures	256,250	270,701	14,451	-	-	-	-	-	-	-	-	-
Other (including interest)	507,703	577,562	69,859	916,818	675,632	(241,186)	-	2,509	2,509	93,970	150,206	56,236
Total revenues	24,766,764	24,870,033	103,269	6,503,036	3,652,659	(2,850,377)	1,360,405	1,384,638	24,233	1,664,980	531,106	(1,133,874)
Expenditures:												
Current:												
General government	8,251,376	7,094,102	1,157,274	-	-	-	-	-	-	-	-	-
Public works	1,458,193	1,475,867	(17,674)	-	-	-	-	-	-	-	-	-
Public safety	9,042,002	8,818,320	223,682	16,590	5,353	11,237	-	-	-	-	-	-
Culture/recreation	4,606,895	4,500,349	106,546	797,509	782,589	14,920	-	-	-	-	-	-
Community planning and development	1,467,687	1,441,838	25,849	258,081	126,904	131,177	-	-	-	-	-	-
Physical environment	-	-	-	106,431	477,786	(371,355)	-	-	-	-	-	-
Economic environment	-	-	-	13,017	4,209	8,808	-	-	-	-	-	-
Grants/aids	342,498	310,151	32,347	1,928,423	640,243	1,288,180	-	-	-	-	-	-
Capital outlay	2,613,053	843,606	1,769,447	4,328,949	902,892	3,426,057	-	-	-	1,844,811	450,438	1,394,373
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	1,843,360	1,843,360	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	1,288,510	1,204,374	84,136	-	-	-
Total expenditures	27,781,704	24,484,233	3,297,471	7,449,000	2,939,976	4,509,024	3,131,870	3,047,734	84,136	1,844,811	450,438	1,394,373
Excess (deficiency) of revenues over expenditures	(3,014,940)	385,800	3,400,740	(945,964)	712,683	1,658,647	(1,771,465)	(1,663,096)	108,369	(179,831)	80,668	260,499
Other financing sources (uses):												
Operating transfers in	1,826,845	872,340	(954,505)	524,161	-	(524,161)	1,760,000	1,675,597	(84,403)	-	19,378	19,378
Operating transfers out	(499,833)	(439,081)	60,752	(1,844,728)	(1,309,343)	535,385	-	-	-	(1,522,685)	(325,378)	1,197,307
Total other financing sources (uses)	1,327,012	433,259	(893,753)	(1,320,567)	(1,309,343)	11,224	1,760,000	1,675,597	(84,403)	(1,522,685)	(306,000)	1,216,685
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ (1,687,928)	\$ 819,059	\$ 2,506,987	\$ (2,266,531)	\$ (596,660)	\$ 1,669,871	\$ (11,465)	\$ 12,501	\$ 23,966	\$ (1,702,516)	\$ (225,332)	\$ 1,477,184

See notes to general purpose financial statements.

CITY OF NORTH MIAMI, FLORIDA

EXHIBIT IV

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES**

FISCAL YEAR ENDED SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	<u>Proprietary Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>1998</u>	<u>1997</u>
Operating revenues:				
Metered water sales	\$ 5,282,903	\$ -	\$ 5,282,903	\$ 5,184,467
Sanitary sewer services	1,398,977	-	1,398,977	1,398,897
Sewage treatment charges	7,952,865	-	7,952,865	7,725,679
Solid waste services	4,511,319	-	4,511,319	4,417,853
Stormwater charges	842,102	-	842,102	834,549
Motor vehicle charges	-	2,475,600	2,475,600	2,301,072
Other charges for services	233,207	1,423,581	1,656,788	2,853,179
Contributions from employees/others	<u>-</u>	<u>174,105</u>	<u>174,105</u>	<u>679,582</u>
Total operating revenues	<u>20,221,373</u>	<u>4,073,286</u>	<u>24,294,659</u>	<u>25,395,278</u>
Operating expenses:				
Personal services	4,367,080	886,402	5,253,482	5,553,792
Sewage disposal and water charges	7,627,144	-	7,627,144	8,395,945
Solid waste disposal fees	1,115,254	-	1,115,254	1,079,121
Claim payments	-	566,575	566,575	2,377,384
Materials, supplies, services and other operating expenses	5,665,809	1,402,471	7,068,280	6,925,978
Depreciation	<u>939,285</u>	<u>913,932</u>	<u>1,853,217</u>	<u>1,848,304</u>
Total operating expenses	<u>19,714,572</u>	<u>3,769,380</u>	<u>23,483,952</u>	<u>26,180,524</u>
Operating income (loss)	<u>506,801</u>	<u>303,906</u>	<u>810,707</u>	<u>(785,246)</u>
Non-operating revenues (expenses):				
Interest	558,111	391,248	949,359	906,780
Operating grants	126,800	3,255	130,055	128,434
Interest and fiscal charges	(278,033)	-	(278,033)	(293,586)
Bond discount	(6,142)	-	(6,142)	(6,142)
Miscellaneous	<u>34,343</u>	<u>50,431</u>	<u>84,774</u>	<u>430,743</u>
Total non-operating revenues	<u>435,079</u>	<u>444,934</u>	<u>880,013</u>	<u>1,166,229</u>
Net income before operating transfers	941,880	748,840	1,690,720	380,983
Operating transfers out	<u>(178,489)</u>	<u>(37,363)</u>	<u>(215,852)</u>	<u>-</u>
Net income	763,391	711,477	1,474,868	380,983
Add depreciation on contributed capital	<u>252,469</u>	<u>-</u>	<u>252,469</u>	<u>246,071</u>
Increase in retained earnings	1,015,860	711,477	1,727,337	627,054
Retained earnings, beginning	17,534,687	3,566,993	21,101,680	20,665,633
Equity transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(191,007)</u>
Retained earnings, ending	<u>\$18,550,547</u>	<u>\$4,278,470</u>	<u>\$22,829,017</u>	<u>\$21,101,680</u>

See notes to general purpose financial statements.

CITY OF NORTH MIAMI, FLORIDA

EXHIBIT V

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	<u>Proprietary Fund Types</u>		
	Enterprise	Internal	Totals
	<u>Funds</u>	<u>Service</u>	<u>Memorandum</u>
		<u>Funds</u>	<u>Only</u>
Cash flows from operating activities:			
Operating income	<u>\$ 506,801</u>	<u>\$ 303,906</u>	<u>\$ 810,707</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	939,285	913,932	1,853,217
Insurance recoveries	343	23,071	23,414
Gas tax refunds	-	37,151	37,151
Other non-operating services	31,357	490	31,847
(Increase) decrease in operating assets:			
Accounts receivable	(168,708)	-	(168,708)
Due from other funds	-	(31,479)	(31,479)
Interfund receivable	-	47,863	47,863
Inventories	(14,726)	656	(14,070)
Other assets	(19,943)	44,885	24,942
Increase (decrease) in operating liabilities:			
Accrued expenses	(31,098)	(68,422)	(99,520)
Estimated claims payable	-	(904,222)	(904,222)
Compensated absences	125,131	17,898	143,029
Deferred revenue	-	(264)	(264)
Deposits, non-restricted	61,508	-	61,508
Due to other funds	146,896	-	146,896
Operating transfers to other funds	(178,489)	(37,363)	(215,852)
Due to other governmental units	19,670	-	19,670
Interfund payable	(36,149)	-	(36,149)
Payable from restricted assets	<u>(3,109)</u>	<u>-</u>	<u>(3,109)</u>
Net adjustments	<u>871,968</u>	<u>44,196</u>	<u>916,164</u>
Net cash provided by operating activities	<u>1,378,769</u>	<u>348,102</u>	<u>1,726,871</u>
Cash flows from non-capital financing activities:			
Operating grants received	<u>118,199</u>	<u>-</u>	<u>118,199</u>
Cash flows from capital and related financing activities:			
Capital contributions • connection fees	124,049	-	124,049
Proceeds from sale of capital assets	4,450	-	4,450
Interest paid on revenue bonds	(278,033)	-	(278,033)
Payments to acquire, construct, improve capital assets	(1,293,257)	(703,065)	(1,996,322)
Principal paid on revenue bonds	<u>(385,000)</u>	<u>-</u>	<u>(385,000)</u>
Net cash used by capital and related financing activities	<u>(1,827,791)</u>	<u>(703,065)</u>	<u>(2,530,856)</u>
Cash flows from investing activities:			
Proceeds from sale and maturities of investments	3,360,655	400,000	3,760,655
Purchase of investments	(4,501,629)	(2,000,000)	(6,501,629)
Proceeds from sales-type lease receivable	238,644	-	238,644
Interest received	449,778	389,037	838,815
Net cash used by investing activities	<u>(452,552)</u>	<u>(1,210,963)</u>	<u>(1,663,515)</u>
Net decrease in cash and cash equivalents	(783,375)	(1,565,926)	(2,349,301)
Cash and short-term investments, beginning (including Enterprise Fund restricted cash of \$1,657,124)	<u>4,251,719</u>	<u>4,851,223</u>	<u>9,102,942</u>
Cash and short-term investments, ending (including Enterprise Fund restricted cash of \$1,153,184)	<u>\$ 3,468,344</u>	<u>\$ 3,285,297</u>	<u>\$ 6,753,641</u>

Non-cash transactions:

(a) During 1998, the Water and Sewer Utility received contributed capital assets from developers valued at \$211,716

See notes to general purpose financial statements.

CITY OF NORTH MIAMI, FLORIDA**EXHIBIT VI****COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS****FISCAL YEAR ENDED SEPTEMBER 30, 1998
(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)**

	<u>1998</u>	<u>1997</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,210,943	\$13,678,505
Employee	<u>1,139,380</u>	<u>1,200,144</u>
Total contributions	<u>2,350,323</u>	<u>14,878,649</u>
Investment Income:		
Net appreciation (depreciation) in fair value	(709,521)	14,287,280
Interest	1,784,223	1,445,912
Dividends	<u>408,625</u>	<u>419,611</u>
	1,483,327	16,152,803
Less investment expenses	<u>433,974</u>	<u>360,897</u>
Net investment income	<u>1,049,353</u>	<u>15,791,906</u>
Total additions	<u>3,399,676</u>	<u>30,670,555</u>
DEDUCTIONS		
Benefits paid	6,665,887	6,758,830
Administrative expenses	<u>103,124</u>	<u>83,773</u>
Total deductions	<u>6,769,011</u>	<u>6,842,603</u>
Net increase (decrease) in net assets	(3,369,335)	23,827,952
Net assets held in trust for employees' pension benefits:		
Beginning	<u>76,765,730</u>	<u>52,937,778</u>
Ending	<u>\$73,396,395</u>	<u>\$76,765,730</u>

See notes to general purpose financial statements.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Miami, Florida (the City), located in Miami-Dade County, was incorporated in 1926, and comprises approximately nine square miles. The City operates under the Council - City Manager form of government and provides the following services: public safety, public works, sanitation, stormwater, library, parks and recreation, community planning and development, and **water/sewer** utility.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

1. Reporting Entity

The City is a municipal corporation governed by an elected mayor and a **four** member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The City's discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City. The City's discretely presented component unit has a September 30 year end.

Discretely Presented Component Unit

North Miami Museum and *Art* Center, Inc. **d/b/a Museum** of Contemporary *Art* (MOCA) is a not-for-profit corporation. The City Council has the ability to appoint and remove the governing board of MOCA at will. Additionally, MOCA is fiscally dependent upon the City. MOCA is presented as a governmental fund type. MOCA records donated art at estimated fair value at the date of receipt. Complete financial statements for MOCA can be obtained directly from their administrative offices: MOCA, **770** N.E. 125th Street, North Miami, Florida 33161.

Other Component Unit

The City of North Miami Health Facilities Authority was created by state statute to issue special obligation debt for capital improvements on certain health facilities located within and outside the City limits. The debt is supported solely from revenues generated by said facilities and does not constitute an obligation of the City or the Authority. The Authority receives no revenues and makes no expenditures. Because there are no assets, liabilities or results of operations to report, disclosure is made only in the footnotes.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Reporting Entity (Continued)

Other Component Unit (Continued)

The North Miami Health Facilities Authority is a component unit because the sole activity in which it engages, i.e., the issuance of revenue bonds to finance health care facilities is subject in each instance to the approval of the City Council. In addition, the City Council is responsible for appointing the members of the board of the Authority.

2. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The City has the following fund types and account groups:

Governmental funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be **determined** and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related **fund** liability is incurred.

Taxes, intergovernmental revenues, and interest are susceptible to accrual. Sales taxes collected and held by the State at year end on behalf of the City are also recognized as revenue. Other receipts and fees become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if susceptible to accrual. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental Funds include the following fund types:

The **General** Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

The *Debt Service Funds* account for the servicing of general long-term debt not being financed by proprietary funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or are contradicted by GASB pronouncements. Proprietary funds include the following fund types:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred **and/or** net income is necessary for management accountability. Included therein are the City's water and sewer utility, stormwater utility and solid waste services.

The *Internal Service Funds* are used to account for the financing of goods or services provided by one department to other departments of the City on a cost - reimbursement basis. Each contributing fund is charged a fee in relation to the total estimated liability. Internal service funds consist of the General Risk Management Fund, the Group Health Risk Management Fund, and the Fleet Management Fund. The General Risk Management Fund accounts for self-insurance programs which provide comprehensive general, auto liability and workers' compensation coverage. The Group Health Risk Management Fund accounts for group health and life benefits for the City's employees funded by contributions from the City and its employees. Effective January 1, 1998, the City's self-insured health program was discontinued and the City purchased a fully insured group health/dental plan. Funds remaining in the Health Insurance Trust Fund will be used over a period of years to pay the costs of employee health insurance premiums. The Fleet Management Fund operates as a motor pool fund whereby the user department is charged a fee based upon the usage of motor vehicles. Substantially all excess funds are committed to the City's vehicle replacement program.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Fiduciary Funds

Trust Funds include Expendable Trusts and Pension Trusts and are used to account for assets held by the City in a trustee capacity. Expendable trust funds are accounted for using the same current financial resources measurement focus as governmental funds. The Law Enforcement Expendable Trust Fund is legally mandated and used to account for revenues from the auction of forfeited vessels, motor vehicles, aircraft, and other personal property, proceeds of which are to be used for certain law enforcement purposes only. The Federal Forfeiture Expendable Trust Fund was created in 1995 to account for confiscated monies from cases involving federal agencies and the City's police department. The Law Enforcement Block Grant Expendable Trust Fund was created in 1997 to account for the City's entitlement under the local law enforcement block grant program. The Pension Trust Funds (CTS Plan and 748 Plan) are used to account for the City's two single-employer defined benefit pension plans covering substantially all of its employees. The measurement focus for Pension Trust Funds is the same as for proprietary funds, since capital maintenance is critical.

Account Groups. The **general fixed assets account group** is used to account for fixed assets not accounted for in proprietary or trust funds. The **general long-term debt account group** is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

3. Budgets - Legal Compliance

The City follows these procedures in establishing the budgetary data reflected in the financial statements as follows:

- (1) **35** days prior to fiscal year end, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers, is legally maintained at the fund level, except for the General Fund which is at the departmental level. During fiscal year 1998, public works operating expenditures exceeded appropriations at the department level but not at the budgetary level of control which includes capital outlay.
- (2) Two public hearings are conducted to obtain taxpayer comments as required by TRIM legislation.
- (3) Prior to September 28th (unless preempted by TRIM) as stated in the City's Charter, the budget is legally enacted through passage of an ordinance.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Budgets - Legal Compliance (Continued)

- (4) Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all governmental funds. Under generally accepted accounting principles (GAAP), encumbrances are recognized as reservations of fund balance. The City's budgetary basis includes encumbrances as expenditures. The accompanying financial statements present comparisons of the budget with actual data adjusted to the budgetary basis.
- (5) The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. At the request of the City Manager and within the last three months of the budget year, the Council may by resolution transfer any unencumbered appropriated balance or portion thereof, **from** one office, department or agency to another.
- (6) Budgeted amounts are as originally adopted or as amended. No significant revisions to the budget were required in 1998. There were no supplemental appropriations during fiscal year ended September 30, 1998.
- (7) Unencumbered appropriations lapse at year-end.
- (8) The City has legally adopted annual budgets for all governmental **funds** except for the Refunding and Public Improvement Revenue Certificates 1962-1969 debt service fund.

4. Cash and Short-Term Investments

The City pools substantially all cash and short-term investments, except for cash and investment accounts which are maintained in accordance with legal requirements. Each fund's equity share of the total pooled cash and short-term investments is included in the accompanying balance sheets under the caption "cash and short-term investments." For reporting purposes only, non-pooled cash is also included in this caption. Short-term investments are reported at cost which approximates fair value, and consist principally of collateralized overnight repurchase agreements under a contract with a financial institution. The nature of investments is governed by the provisions of Florida Statutes Section 166. Under this statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the local government surplus funds, trust funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain governmental agencies, interest bearing time deposits or savings accounts. Interest income is allocated among the City's funds based upon the approximate proportionate balances of each fund's equity in pooled cash and short-term investments. For purposes of the statement of cash flows, the City's cash and short-term investments are considered to be all highly liquid investments with a maturity of three months or less when purchased. All investments are reported at fair value.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pension Plan Investments

Investments are reported at fair value. **Short-term** investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price.

Within certain limitations as specified in the Plans, investment policy is **determined** by the Board of Trustees using the following guidelines:

- Unlimited investments in bonds, notes or other obligations of the United States Government, State of Florida or political subdivision or agencies thereof, preferred stocks and money market investments.
- Investments in common stocks cannot exceed 60% of the total assets of the Plan on a cost basis.
- Investments in corporate bonds must have a minimum of an A rating.

Purchases and sales of securities are recorded on the trade date basis. As a result, these transactions may at times produce a receivable **and/or** payable because of the difference between trade and settlement dates. Interest and dividends are recorded as earned.

6. Inventories

Inventories of materials and supplies in the General Fund are recorded as expenditures when purchased (purchase method) and are stated at cost. Inventory in the Proprietary Funds consists of supplies held for consumption and are stated at the lower of cost or market and are recorded as an expense when consumed (consumption method). All inventories are recorded on a first-in, first-out (FIFO) basis.

7. Fixed Assets

All fixed assets of the City are recorded in the General Fixed Assets Account Group, with the exception of fixed assets of the Enterprise Funds (Water and Sewer Utility, Stormwater Utility and Solid Waste Services) and the Internal Service Fund (Fleet Management) which is recorded in the respective funds.

All fixed assets are recorded at historical cost or estimated historical cost, except for contributed property which is recorded at fair market value at the date of contribution. Capital acquisition costs for governmental funds are segregated as capital outlay expenditures. Expenditures for maintenance, repairs and minor renewals and betterments are expensed as incurred. Major renewals and betterments are treated as capital outlay. Public domain (infrastructure) general fixed assets consisting of certain improvements, other than buildings, such as bridges and roads, are capitalized together with other general fixed assets.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Fixed Assets (Continued)

Depreciation is not required and has not been provided on general fixed assets. Depreciation expense is provided on property recorded in the Enterprise **Funds** and the Internal Service Funds using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	10 - 50 years
Machinery and equipment	3 - 10 years
Improvements other than buildings	10 - 50 years

Depreciation expense recognized on assets acquired or constructed through grants, contributed property or contributions in aid of construction is accounted for as a reduction of the related contributed capital balances.

Interest costs associated with proprietary fund borrowings used for construction projects are capitalized during the current period as part of the cost of the assets, net of related interest earned or unexpended portions of such borrowings. No such costs were capitalized in 1998.

8. Deferred Compensation Plans

The City offers its employees two deferred compensation plans which qualify under IRS Section 457 that permit the deferral of a portion of an employee's salary for tax purposes until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plans, open to all City employees, are funded through employee payroll deductions only and administered by independent fiduciary agents.

All assets and income of the plans are held in trust by the plan administrators for the exclusive benefit of the participants and their beneficiaries. These assets prior to fiscal year 1998 were accounted for in an agency fund. In accordance with GASB Statement No. 32, these assets have been removed **from** the City's balance sheet as of September 30, 1998.

9. Compensated Absences

It is the City's policy to permit employees to accumulate, within certain limits, earned but unused vacation and sick pay benefits, which will be paid to employees upon separation from City service.

In governmental fund types, the accrual for vacation and sick pay benefits is based upon the estimated amounts to be liquidated with expendable, available resources, which is considered to be the separations occurring within 60 days subsequent to the year end. The long-term portion of the governmental fund liability is recorded in the general long-term debt account **group**.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Compensated Absences (Continued)

The Proprietary Fund types accrue vacation and sick pay benefits in the period in which they are earned.

The City accounts for compensated absences according to the guidelines of GASB No. 16, *Accounting for Compensated Absences*. All liabilities are accrued at rates in effect at the balance sheet date.

10. Amortization of Bond Discount

Bond discount is amortized over the life of the bonds based on the interest method.

11. Grants from Government Agencies

Certain operating grants under various Federal and State programs are included in the governmental type **funds**. Grant monies received are disbursed by these **funds** for goods and services as prescribed under the respective grant programs.

These programs are dependent on the continued financial assistance of the County, State and Federal grantor agencies.

Grants to Enterprise Funds which are designated as operating subsidiaries are recorded as non-operating revenue in the respective **funds** upon the City's compliance with the eligibility requirements related to the grant. Grants to Governmental Funds are recorded as intergovernmental revenues when recognized.

Grant revenues received as reimbursements for specific purposes are recognized when the expense or expenditure is incurred. Grant revenues received but not earned are recorded as deferred revenues (advances). Pursuant to each grant's specific requirements, interest earned on advances is either returned to the grantor agency, or used as additional **funding** for the program.

12. Fund Equity

Reserves

Reservations of retained earnings of the proprietary funds represent net assets restricted for debt service and capital acquisitions.

Reservations of the governmental funds are those portions of fund balance which are either not available for appropriations or are legally segregated for a specific use.

Designations

Fund balance designations are established to reflect management's plans for financial resource allocation in a future period. Such plans or intentions are subject to change.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Interfund Transactions

Quasi-external transactions are accounted for as fund revenues, expenditures or expenses (as appropriate). All interfund transactions except advances, quasi-external transactions and reimbursements are accounted for as transfers. **Non-recurring** or non-routine transfers of equity between funds are considered equity transfers. Equity transfers into proprietary funds are recorded as contributed capital. Transactions between funds that are representative of **lending/borrowing** arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables". All other outstanding balances between **funds** are reported as "due to/from other funds".

14. Long-Term Obligations

The City reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate **funds**.

15. Use of Estimates

The accompanying general purpose financial statements have been prepared in conformity with generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the balance sheet and operations for the year. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the estimated liabilities for **dumpsite** closing costs and the actuarially accrued liability which is prepared based on certain assumptions pertaining to interest rates, inflation rates, etc. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

16. Totals (Memorandum Only)

Amounts in the "Totals (Memorandum Only)" columns in the combined financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented for analytical purposes only. The summation includes fund types and account groups that use different **bases** of accounting and includes interfund transactions that have not been eliminated. Consequently, amounts shown in the "Totals (Memorandum Only)" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and **expenditures/expenses** of the City.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Also, certain amounts, presented in the prior year data, have been reclassified in order to be consistent with the **current** year's presentation.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all time and demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires every qualified public depository to deposit with the Treasurer eligible collateral equal to or in excess of the required collateral of the depository to be held subject to the Treasurer's order. The Treasurer, by rule, shall establish minimum required collateral pledging levels and shall notify each qualified public depository of its required pledging level. Each qualified public depository shall calculate the amount of its required collateral based upon any one or any combination of the formulas allowable under this chapter. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all deposits are deemed as insured or collateralized and are therefore not subject to classification by credit risk category under the provisions of GASB Statement No. 3.

Investments

Certain investments are required to be categorized to give an indication of the level of credit risk assumed by the entity at year-end. The three categories of risk as defined by GASB Statement No. 3 are as follows:

- (1) Insured or registered, or securities held by the City or its agent in the City 's name;
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City 's name; and
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City 's name.

	Category 1	Carrying Amount
Repurchase agreements	\$10,722,577	\$10,722,577
U.S. Government securities	13,877,899	13,877,899
Corporate bonds	13,046,160	13,046,160
Common stocks	44,592,855	44,592,855
Money market funds	<u>1,468,631</u>	<u>1,468,631</u>
Total investments	<u>\$83,708,122</u>	<u>\$83,708,122</u>

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Per the combined balance sheet:

Cash and short-term investments	\$11,877,887
Cash with fiscal agents	31,743
Certificates of deposit	11,900,000
Restricted assets	4,273,837
Pension investments	<u>70,644,326</u>
	<u>\$98,727,793</u>

These balances are composed of the following:

Deposits (including cash and CDs)	\$15,019,671
Investments	<u>83,708,122</u>
	<u>\$98,727,793</u>

NOTE 3. PROPERTY TAXES

Property taxes are levied on November 1st of each year, at which time taxes become an enforceable lien on property assessed as of the previous January 1st. Tax bills are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available in the month of March of the following calendar year. Taxpayers also have the option of paying their taxes in advance in equal quarterly payments based on the prior year's tax assessment with quarterly discounts varying between 2% and 6%. All unpaid taxes on real and personal property become delinquent on April 1st and bear interest at 18% until a tax sale certificate is sold at auction. Miami-Dade County bills and collects all property taxes for the City, and sells tax certificates for delinquent taxes.

The net assessed value of property, as established by the **Miami-Dade** County Property Appraiser, at January 1, 1997 upon which the 1997-98 levy was based, was approximately \$1,200,000,000. The City is **permitted** by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on general obligation long-term debt. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. The tax rate to finance General Fund operations (7.236 mils) and the Library Fund (.695 mils) for the year ended September 30, 1998, was 7.931 per \$1,000 of assessed value. The debt service tax rate for the same period was 1.184 per \$1,000 of assessed value.

Property taxes receivable representing collections within 60 days subsequent to September 30 for billings through the fiscal year then ended amounted to approximately \$79,300, \$7,590 and \$12,984 for the general fund, special revenue and debt service funds, respectively.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 4. NET INVESTMENT IN SALES-TYPE LEASE

On April 17, 1979, the City entered into a sales-type lease agreement with Miami-Dade Water and Sewer Authority Department retroactive to May 1978. Under the terms of the lease, the City is receiving payments which will total \$7,071,438 (including interest) through April 2007, for the use of the City's ocean **outfall** line.

The lease has been accounted for as a capital (sales-type) lease within the Water and Sewer Enterprise Fund. Interest is imputed at a rate of 6½% over the life of the lease. Proceeds received from the lease agreement are to be used for replacements of water and sewer system assets or paid into the Revolving Fund in accordance with the provisions of the Water and Sewer Revenue Bond ordinances.

The minimum lease payments under this agreement for the fiscal years ending September 30 are as follows:

1999	\$ 238,584
2000	238,584
2001	238,584
2002	238,584
2003	238,584
Thereafter	<u>838,677</u>
Total	2,031,597
Less unearned discount	<u>(474,938)</u>
Balance, September 30, 1998	<u><u>\$1,556,659</u></u>

NOTE 5. INTERFUND BALANCES

Interfund balances are **receivables/payables** from one fund to another for specific purposes. At September 30, 1998, the interfund balances consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Due from/to other funds:</u>		
General	Solid waste services	\$341,259
	Community Development Block Grant	257,850
	City of Progress	77,340
	Clair T. Singerman Pension	1,239
General risk management	Water and sewer	17,812
	Solid waste services	18,337
748 Pension	Clair T. Singerman Pension	<u>45,657</u>
		<u><u>\$759,494</u></u>

CITY OF NORTH MIAMI, FLORIDA

NOTES TO ~~THE~~ GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 5. INTERFUND BALANCES (Continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Interfund receivable/payable:</u>		
Water and sewer	Solid waste services	\$ 70,526
General risk management	General fund	105,421
	Water and sewer	142,496
	Solid waste services	<u>146,695</u>
		<u>\$465,138</u>
<u>Advances from/to other funds:</u>		
Health insurance trust	General fund	<u>\$ 31,479</u>

NOTE 6. SEGMENT INFORMATION - ENTERPRISE FUNDS

The City's three enterprise funds are intended to be self-supporting through user fees charged for services to the public. Segment information as of and for the year ended September 30, 1998 is presented below:

	<u>Water and Sewer</u>	<u>Solid Waste Services</u>	<u>Stormwater</u>	<u>Total</u>
Operating revenues	\$14,867,952	\$4,511,319	\$ 842,102	\$20,221,373
Depreciation expense	928,809	2,480	7,996	939,285
Operating income (loss)	665,902	(23,352)	(135,749)	506,801
Operating grants	16,242	109,258	1,300	126,800
Net income (loss)	823,182	16,863	(76,654)	763,391
Current capital contributions	335,764	-	-	335,764
Fixed Asset additions(1)	1,254,177	4,917	34,163	1,293,257
Net working capital	3,901,215	451,100	1,369,531	5,721,846
Total assets	37,873,953	876,529	1,574,256	40,324,738
Bonds payable	6,595,000	-	-	6,595,000
Total equity (deficit)	26,529,405	(198,217)	1,495,318	27,826,506

(1) excludes contributed assets

NOTE 7. INDIVIDUAL FUND DEFICIT BALANCES

The following fund had deficit retained earnings at September 30, 1998:

Enterprise Fund:	
Solid Waste services	<u>\$514,454</u>

The deficit balance in the Solid Waste Services fund is expected to be funded through a reduction in certain operating costs over the next several fiscal years.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 8. FIXED ASSETS

The following is a summary of changes in fixed assets for the year ended September 30, 1998:

	Balance September 30, <u>1997</u>	Additions	Retirements	Balance September 30, <u>1998</u>
General fixed assets:				
Land	\$ 22,405,224	\$ 530,620	\$ -	\$ 22,935,844
Building and improvements	18,787,015	174,389	-	18,961,404
Machinery and equipment	3,872,981	255,968	-	4,128,949
Improvements other than buildings	13,107,958	544,889	-	13,652,847
Library books	1,328,867	121,490	(37,951)	1,412,406
Construction-in-process	48,728	150,568	-	199,296
Total	<u>\$ 59,550,773</u>	<u>\$ 1,777,924</u>	<u>\$(37,951)</u>	<u>\$ 61,290,746</u>
Enterprise funds:				
Land	\$ 521,847	\$ -	\$ -	\$ 521,847
Buildings and improvements	2,864,524	10,729	-	2,875,253
Machinery and equipment	2,990,884	198,094		3,188,978
Improvements other than buildings	<u>33,362,420</u>	<u>1,296,150</u>	<u>-</u>	<u>34,658,570</u>
	39,739,675	1,504,973	-	41,244,648
Less accumulated depreciation	<u>(15,745,157)</u>	<u>(939,285)</u>	<u>-</u>	<u>(16,684,442)</u>
Total	<u>\$23,994,518</u>	<u>\$ 565,688</u>	<u>\$ -</u>	<u>\$24,560,206</u>
Internal service finds:				
Buildings and improvements	\$ 33,773	\$ -	\$ -	\$ 33,773
Improvements other than buildings	261,798	6,568	-	268,366
Equipment and vehicles	<u>8,051,967</u>	<u>762,085</u>	<u>-</u>	<u>8,814,052</u>
	8,347,538	768,653		9,116,191
Less accumulated depreciation	<u>(4,784,408)</u>	<u>(913,932)</u>	<u>-</u>	<u>(5,698,340)</u>
Total	<u>\$ 3,563,130</u>	<u>\$ (145,279)</u>	<u>\$ -</u>	<u>\$ 3,417,851</u>

Commitments related to the acquisition or construction of general fixed assets are shown in the accompanying balance sheet as encumbrances in the Capital Projects fund.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 9. GENERAL LONG-TERM DEBT

The following is a summary of changes in general long-term debt of the City for the year ended September 30, 1998:

	General Obligation Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Compensated Absences	Other Long-Term Payables	Total
Balance, September 30, 1997	\$6,875,000	\$3,634,813	\$11,900,000	\$4,190,083	\$9,000,000	\$35,599,896
Debt retired	(1,000,000)	(843,360)			-	(1,843,360)
Increase in compensated absences	-	-	-	179,340	-	179,340
Balance, September 30, 1998	<u>\$5,875,000</u>	<u>\$2,791,453</u>	<u>\$11,900,000</u>	<u>\$4,369,423</u>	<u>\$9,000,000</u>	<u>\$33,935,876</u>

General Obligation Bonds

On December 17, 1992, the City issued \$11,220,000 of General Obligation Improvement and Refunding Bonds with interest rates ranging from 2.75% to 6.00% for the purpose of providing funds to pay the cost of acquiring, constructing and equipping a police station facility and to advance refund \$5,870,000 of outstanding 1970 General Obligation bonds (Interama) with interest rates ranging from 5.50% to 6.75%.

The general obligation bonds were issued at a discount (99.79%) and, after paying issuance costs of approximately \$217,000, the net proceeds were approximately \$11,003,000. Net proceeds of approximately \$6,115,000 were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent until the call date of February 1, 1993.

The bonds mature May 1997 through May 2012, with interest payable semiannually on May 1 and November 1. The amount outstanding at September 30, 1998 is \$5,875,000.

Capital Improvement Bonds

On September 10, 1996, the City issued \$4,496,889 of Capital Improvement Revenue Bonds with an interest rate of 4.875% for the purpose of paying a portion of the cost of the Superfund Remedy and the final closure of the **Munisport** site.

The bonds are payable from and secured by certain annual grant payments to be made by Miami-Dade County to the City and by a City covenant to budget and appropriate funds from non ad valorem revenues to make up any debt service deficiencies.

The bonds mature on December 1, 2000 with interest payable on December 1, 1996 and semi-annually thereafter on June 1 and December 1. The amount outstanding at September 30, 1998 is \$2,791,453.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 9. GENERAL **LONG-TERM** DEBT (Continued)

Pension Obligation Bonds

On September 18, 1997, the City issued \$11,900,000 of 1997 Taxable Special Obligation Bonds for the purpose of discharging the unfunded actuarial liabilities of the City's two defined benefit pension plans. By eliminating these unfunded pension liabilities, the City expects to realize an ongoing savings equivalent to the difference between the Pension Plans' 9% per year assumed rate of return and the interest paid on this debt issue. As a result of this action, the City realized a savings at present value of approximately \$1,005,000.

The Bonds, dated September 1, 1997, were issued at a discounted purchase price of \$11,604,892 (discounts of \$295,108) and after payment of issuance costs (\$111,828) and a bond insurance policy and debt service reserve fund surety (\$80,146), \$11,412,917 in proceeds were contributed to the Pension Plans to discharge the unfunded liabilities as follows:

CTS Plan	\$10,868,833
748 Plan	<u>544,084</u>
	<u><u>\$11,412,917</u></u>

\$4,235,000 of the bonds mature serially beginning on July 1, 2002 and are payable semi-annually on January 1 and July 1. Interest rates on these bonds range from 6.6% to 7.2%. \$7,665,000 are term bonds due on July 1, 2021 and have an interest rate of 7.35%. Interest on all the bonds is payable semi-annually on January 1 and July 1, with the first payment due on January 1, 1998. The amount outstanding at September 30, 1998 is \$11,900,000.

Debt service on these bonds is funded by non-ad valorem revenues budgeted and appropriated by the City on an annual basis. The scheduled payment of principal and interest on the bonds is guaranteed under an insurance policy obtained concurrently with the delivery of the bonds.

Debt service requirements to maturity are as follows:

	General Obligation <u>Bonds</u>	Capital Improvement <u>Bonds</u>	Pension Obligation <u>Bonds</u>	<u>Interest</u>	<u>Total</u>
1999	\$1,055,000	\$ 885,501	\$ -	\$ 1,291,445	\$ 3,231,946
2000	1,100,000	929,747	-	1,196,558	3,226,305
2001	220,000	976,205	-	1,095,101	2,291,306
2002	235,000	-	145,000	1,060,086	1,440,086
2003	245,000	-	355,000	1,032,198	1,632,198
2004-2021	<u>3,020,000</u>	<u>-</u>	<u>11,400,000</u>	<u>10,388,057</u>	<u>24,808,057</u>
	<u><u>\$5,875,000</u></u>	<u><u>\$2,791,453</u></u>	<u><u>\$11,900,000</u></u>	<u><u>\$16,063,445</u></u>	<u><u>\$36,629,898</u></u>

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 9. GENERAL LONG-TERM DEBT (Continued)

Compensated Absences

Compensated absences represent the portion of the governmental funds' total estimated liability for employees' compensation for future absences in accordance with GASB Statement No. 16. The estimated liability includes an accrual for salary related costs (employer's share of social security and Medicare taxes). Adjustments were made for employees earning more than the taxable wage base and for certain other exclusions.

The estimated liability is measured using rates in effect at the balance sheet date; benefits are computed at current salary rates at the time of payment. Upon separation from City service, vacation leave is paid at 100% and sick leave is paid at 50%.

The components of the compensated absences liability are as follows:

Total estimated liability for compensated absences	\$4,186,352
Adjusted salary related costs	<u>195,264</u>
Total	4,381,616
Less current portion	<u>(12,193)</u>
Long-term portion	<u><u>\$4,369,423</u></u>

Other Long-Term Payables

The City of North Miami is required, pursuant to a March 1992 U.S. Environmental Protection Agency Consent Decree and an April 1995 Florida Department of Environmental Protection Consent Agreement, to provide environmental remediation and closure to the Munisport site (Interama property).

A 1990 EPA record of decision approximated the Superfund site remedy at a cost range of \$2-4 million; the closure was estimated at a cost range of \$6-8 million.

In 1995, the City's management and their consultants prepared a Superfund **Remediation** and Landfill Closure Projection. The projection covered administration, engineering, construction and operation costs for a five year period **from** 1995 through 1999. It is management's representation that the City's liability is estimated at a cost range of \$11-16 million. The range in estimates for clean up is due to uncertainties as to the methods which must be employed for the remediation. During 1998, the City expended approximately \$1,036,000 in closure costs. In September 1997, the EPA's record of decision was amended to indicate that no further remedial action was required by the City. The City anticipates that the consent decree will be dismissed and the site will be delisted during 1999. In lieu of an updated cost projection and due to existing uncertainties as to future reduced Superfund operating costs, the City continues to estimate its liability at \$9 million as a conservative measure.

For historical background, recent developments and potential funding sources see Note 16.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 10. WATER AND SEWER REVENUE BONDS

In 1963, 1964, and 1965, the City provided for the issuance of \$8,000,000, \$4,850,000 and \$3,300,000 of Water and Sewer Revenue Refunding and Improvement Bonds to make improvements and extensions to the Water and Sewer Utility of the City and to refund certain then outstanding revenue bonds.

The ordinances require a monthly transfer to restricted asset accounts of amounts equal to one-sixth of the interest becoming due on the next interest payment date and one-twelfth of the amount of principal due on the next payment date. The ordinances also require that the restricted assets include an aggregate balance equal to the maximum amount of principal and interest becoming due in any succeeding year for all issues outstanding. These balances were maintained during fiscal year 1998 in accordance with these requirements.

The ordinances also require that certain funds be established and specify the order in which pledged proceeds are to be deposited into these funds. These funds, and the order of priority in which proceeds are deposited, are as follows: Revenue Fund, Operation and Maintenance Fund, Sinking Funds and Renewal and Replacement Fund.

Cash, investments and accrued interest receivable in the various sinking funds are classified as restricted assets, amounts payable from said restricted assets and the reservation of retained earnings for retirement and sinking funds recorded in the Water and Sewer Utility Enterprise fund at September 30, 1998, are as follows:

	Restricted <u>Assets</u>	Payable from Restricted <u>Assets</u>	Reserved Retained <u>Earnings</u>
1963 issue - revenue refunding and improvement bonds	\$ 653,888	\$355,150	\$ 298,738
1964 issue - subordinated revenue certificates	1,138,425	13,475	1,124,950
1965 issue - subordinated revenue certificates	1,730,830	90,122	1,640,708
Renewal and replacement fund	<u>750,694</u>	<u>293,869</u>	<u>456,825</u>
	<u><u>\$4,273,837</u></u>	<u><u>\$752,616</u></u>	<u><u>\$3,521,221</u></u>

Restricted assets consist of the following:

Cash and short term investments	\$1,156,600
Cash with fiscal agents	19,401
Certificates of deposit	2,210,000
U.S. Government obligations	872,589
Accrued interest receivable	<u>15,247</u>
	<u><u>\$4,273,837</u></u>

Payables from restricted assets consist of the following:

Current bond principal	\$ 395,000
Accrued interest payable	44,415
Matured bonds and interest payable	19,332
Performance bonds and deposits	283,782
Other payables	<u>10,087</u>
	<u><u>\$ 752,616</u></u>

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 10. WATER AND SEWER REVENUE BONDS (Continued)

The ordinances restrict the issuance of additional Water and Sewer bonds ranking on a parity with those outstanding, unless the net revenues, exclusive of depreciation, have been equal to 125% of the maximum annual principal and interest requirements on all revenue bonds outstanding for each of the two preceding fiscal years. The net revenues requirements were met in 1998.

Water and Sewer Revenue Refunding and Improvement Bonds consist of the following at September 30, 1998:

<u>Final Maturity Date</u>	<u>Rates</u>	<u>Amount Outstanding</u>
Series 1963 2/1/2003 (annual serial payments of \$310,000 to \$395,000)	3.9%	\$1,825,000
Series 1964 2/1/2004 (\$2,500,000 due in 2004)	3.0	2,500,000
Series 1965 8/1/2005 (annual serial payments of \$60,000 to \$70,000 with \$1,870,000 due in 2005)	5.3	<u>2,270,000</u>
		6,595,000
Less current portion		(395,000)
Unamortized discount		<u>(32,939)</u>
Long-term portion		<u><u>\$6,167,061</u></u>

Debt service requirements through maturity on these bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
1999	\$ 395,000	\$ 259,952	\$ 654,952
2000	415,000	243,415	658,415
2001	430,000	226,027	656,027
2002	450,000	208,055	658,055
2003	465,000	189,233	654,233
2004-2005	<u>4,440,000</u>	<u>239,430</u>	<u>4,679,430</u>
	<u><u>\$6,595,000</u></u>	<u><u>\$1,366,112</u></u>	<u><u>\$7,961,112</u></u>

NOTE 11. CONTRIBUTED CAPITAL

Changes in contributed capital were as follows:

	<u>Water and Sewer Utility</u>	<u>Solid Waste Services</u>	<u>Fleet Management</u>
Balance, September 30, 1997	\$8,876,427	\$316,237	\$4,023,909
Connection fees	124,049		
Contributed assets:			
City	-	-	65,588
Developers and other	<u>211,715</u>	<u>-</u>	<u>65,588</u>
Total additions	335,764	-	65,588
1998 depreciation on contributed assets	<u>(252,469)</u>	<u>-</u>	<u>-</u>
Balance, September 30, 1998	<u><u>\$8,959,722</u></u>	<u><u>\$316,237</u></u>	<u><u>\$4,089,497</u></u>

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 11. CONTRIBUTED CAPITAL (Continued)

The Fleet Management Fund accounts for depreciation as an operating expense since its user charges to the other funds are established to recover this cost.

NOTE 12. RECONCILIATION OF BUDGETED AND ACTUAL RESULTS

The governmental fund budgets of the City are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that the budgets of the general, special revenue and capital projects funds include encumbrances as the equivalent of expenditures and certain grants as revenues when received. Additionally, residual equity transfers between funds have been budgeted as operating transfers. The following adjustments were necessary to present the actual data on a budgetary basis at September 30, 1998:

	General <u>Fund</u>	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Capital Project <u>Funds</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - (GAAP) Exhibit II	\$988,310	\$(381,140)	\$12,501	\$(113,540)
September 30, 1997 encumbrances budgeted as 1997 expenditures	73,527	33,618		19,341
September 30, 1998 encumbrances budgeted as 1998 expenditures	(285,258)	(210,459)	-	(127,332)
- Equity transfer in/out budgeted as an operating transfer	<u>42,480</u>	<u>(38,679)</u>	<u>-</u>	<u>(3,801)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - (budgetary basis) Exhibit III	<u>\$819,059</u>	<u>\$(596,660)</u>	<u>\$12,501</u>	<u>\$(225,332)</u>

Expenditures did not exceed appropriations in any sub-fund.

The operating transfer to the component unit on a GAAP basis, is included as cultural/recreational expenditures of the general fund on a budgetary basis.

NOTE 13. SELF-INSURANCE

The City maintains one self-insurance program within the Internal Service Funds. The General Risk Management Fund was established by City Code to account for insurance activities relating to workers' compensation and general liability risks. Charges to departments are based upon amounts determined by management to be necessary to meet the required annual payouts during the fiscal year and to maintain adequate fund reserves.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 13. SELF-INSURANCE (Continued)

The City is exposed to various risks of loss for workers compensation and general liability. The City is exposed to other various risks of loss, related to theft, errors and omissions, for which the City **carries** commercial insurance. As of September 30, 1998, the City's risk retention for certain types of risk is as follows:

	<u>Retention/Deductible</u>	<u>Coverage after Retention/Deductible</u>
Self-Insured:		
Workers' Compensation	Total	None. Between 1989 and 1993 and in 1998, the City purchased stop loss excess insurance with retention and/or aggregate levels that varied each year.
General liability (includes automobile)	Total	F.S. 768.28 (\$100,000/individual, \$200,000/occurrence).
Commercial Insurance:		
Property:		
Property, multi-peril	\$5,000	\$27,629,175
Boiler and machinery	\$1,000	\$50,000,000
Flood	Various (\$750 max.)	Coverage limits vary for each building and contents. (Ranges \$25,000 to \$400,000.)
Other:		
Police professional liability	\$15,000 (3 per year max. or \$45,000 aggregate/year)	\$1,100,000/person, \$1,200,000/incident, \$1,300,000/aggregate
Public official liability	\$25,000	\$1,000,000/loss and aggregate.

Group Health

Effective January 1, 1998, the City's self-insured health program was discontinued and the City purchased a fully insured group **health/dental** plan. Beginning in fiscal year 2000, remaining funds in the Health Insurance Trust fund will be appropriated for the purpose of providing health insurance premiums for City employees and officers. The appropriation of funds will be amortized over a minimum of five years. As of September 30, 1998, the City has established an estimated liability for reported claims and claims incurred but not reported (IBNR) of approximately \$90,000.

The General Risk Management Internal Service Fund consists of the following:

Workers' Compensation

All workers' compensation costs are paid from the self-insurance fund, with all operating funds of the City assessed a charge based upon the requirements of the self-insurance fund and their relative share of the total risk. As claims are reported they are investigated by claims personnel, and an estimate of liability on a case-by-case basis is established. The estimated liabilities are periodically reviewed and revised as claims develop.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 13. SELF-INSURANCE (Continued)

Workers' Compensation (Continued)

Effective December 1, 1998, the City purchased specific excess workers' compensation insurance coverage for claims in excess of \$250,000. The policy is for a one year term.

General Liability

Departments of the City are assessed for general and automobile liability coverage based upon the requirements of the self-insurance fund and their relative share of the total risk. The City has continued to purchase certain casualty insurance for which the premium is small in relation to the coverage provided. As the casualty claims are reported, they are investigated by the claims personnel and an estimate of liability on a case-by-case basis is established.

The total estimated claims liability at September 30, 1998 consists of the following:

Workers' compensation	\$1,953,000
General liability	<u>641,000</u>
	<u><u>\$2,594,000</u></u>

The estimated claims liability of \$2,594,000 included in the General Risk Management Fund is the result of estimates for claims incurred but not reported (IBNR) and allocated loss adjustment expenses (ALAE). The estimates are based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the estimated claims liability are as follows:

			<u>1998</u>		<u>1997</u>
	<u>Workers'</u>	<u>General</u>	<u>General</u>	<u>Group</u>	<u>General and</u>
	<u>Compensation</u>	<u>Liability</u>	<u>Risk</u>	<u>Health</u>	<u>Group Health</u>
			<u>Total</u>	<u>Risk</u>	<u>Risk</u>
Estimated claims liability at beginning of year	\$2,620,859	\$ 702,363	\$3,323,222	\$265,000	\$ 3,037,340
Current year claims and changes in estimates (including IBNR)	(113,116)	139,310	26,194	408,928	2,377,382
Claim payments	<u>(554,743)</u>	<u>(200,673)</u>	<u>(755,416)</u>	<u>(583,928)</u>	<u>(1,826,500)</u>
Estimated claims liability at end of year	<u>\$1,953,000</u>	<u>\$ 641,000</u>	<u>\$2,594,000</u>	<u>\$ 90,000</u>	<u>\$ 3,588,222</u>

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 13. SELF-INSURANCE (Continued)

General Liability (Continued)

In 1992, the City, through the General Risk Management Fund, assessed user funds a special premium charge in an amount to fully cover existing operating deficits. The total assessment of \$1,526,054 was allocated as follows: \$885,000 was charged to the General Fund, \$366,000 was charged to the Water and Sewer Utility Fund, and \$275,054 was charged to the Solid Waste Services Fund. These charges are being funded over several years, and as such are recorded as interfund **receivables/payables** (see Note 5).

During 1998, there were no significant reductions in insurance coverage from coverages in the prior year. During the past three years, there have been no settlements that exceeded the insurance coverage.

NOTE 14. EMPLOYEE RETIREMENT PLANS

a. Plan Descriptions

The City's Public Employee Retirement Systems (PERS) administers two single employer defined benefit pension plans established to provide pension, disability and death benefits for its employees and beneficiaries: Clair T. Singerman Employees' Retirement System Plan (CTS) (formerly the North Miami Employees' Retirement System Fund - 691 Plan) and Retirement System for Sworn Police Personnel Hired on or **After** January 1, 1977 - 748 Plan (748). The CTS Plan was established by Ordinance 691 effective January 1, 1968. On January 1, 1977, the City froze future participation in the **CTS** Plan and established the 748 Plan by Ordinance 748 for all employees hired after that date and for all employees under the CTS Plan who elected to join the new plan. The plans cover substantially all City employees under the administration of separate Boards of Trustees.

On April 3, 1994, the City transferred all general employees which were in the 748 Plan to the CTS Plan, thereby limiting 748 plan participation to sworn police personnel hired after January 1, 1977. The CTS plan covers police officers hired before January 1, 1977 and all general employees and former North Miami firefighters.

Each of the plans issues a publicly available report that includes financial statements and required supplementary information for the Plan. These reports may be obtained by writing to: North Miami Employees' Retirement Systems, 776 N.E. 125 Street, North Miami, Florida 33161.

b. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 14. EMPLOYEE RETIREMENT PLANS (Continued)

b. Summary of Significant Accounting Policies (Continued)

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Interest and dividends are reported as investment earnings. Realized gains and losses are determined on the basis of specific cost.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Clair T. Singerman Employees Retirement System for the current year were as follows:

Annual required contribution	\$786,027
Interest on net pension obligation	
Adjustment to annual required contribution	<u>-</u>
Annual pension cost	786,027
Contributions made	<u>786,027</u>
Increase in net pension obligation	
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u>\$ -</u>

The annual required contribution for the current year was determined as part of the October 1, 1996 actuarial valuation using the entry age actuarial cost method for the firefighters and the aggregate actuarial cost method for the general employees and the police officers. The actuarial assumptions included (a) 9% investment rate of return (net of administrative expenses) and (b) projected salary increases of 6-7% per year. Both (a) and (b) included an inflation component of 4%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period was 9 years.

The City's annual pension cost and net pension obligation to the Retirement System for Sworn Police Personnel Hired on or After January 1, 1977 for the current year were as follows:

Annual required contribution	\$424,916
Interest on net pension obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual pension cost	424,916
Contributions made	<u>424,916</u>
Increase in net pension obligation	
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u>\$ -</u>

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 14. EMPLOYEE RETIREMENT PLANS (Continued)

b. Summary of Significant Accounting Policies (Continued)

Annual Pension Cost and Net Pension Obligation (Continued)

The annual required contribution for the current year was determined as part of the October 1, 1995 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included (a) 9% investment rate of return (net of administrative expenses) and (b) projected salary increases of 7% per year. Both (a) and (b) included an inflation component of 4%. The actuarial value of assets was determined using 75% of market value and 25% of cost value of investments. The Plan uses the aggregate actuarial cost method which does not identify and separately amortize unfunded actuarial liabilities.

Clair T. Singerman Employees Retirement System Three-Year Trend Information' (Dollars in Thousands)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 1997	\$1,707	100%	\$ -
September 30, 1998	786	100	-

Retirement System for Sworn Police Personnel Hired on or After January 1, 1977 Three-Year Trend Information' (Dollars in Thousands)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 1997	\$559	100%	\$ -
September 30, 1998	425	100	-

'Three year trend information is not available.

Required Supplementary Information

The following table is required disclosure under GASB 25. The disclosure uses the entry age actuarial cost method. However, both pension plans, with the exception of Firefighters in the Clair T. Singerman Employees Retirement System, currently use the aggregate actuarial cost method.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 14. EMPLOYEE **RETIREMENT** PLANS (Continued)

b. Summary of Significant Accounting Policies (Continued)

Required Supplementary Information

Clair T. Singerman Employees Retirement System Schedule of Funding Progress (Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/93	\$26,407	\$26,836	\$ 429	98.4%	\$ 2,298	18.7%
10/1/95	38,882	50,249	11,366	77.4	13,195	86.1
10/1/97	52,073	52,299	226	99.6	13,044	1.7

(1) During fiscal year 1997, the City issued pension obligation bonds to cover the UAAL.

Retirement System for **Sworn** Police Personnel Hired on or After January 1, 1977 Schedule of Funding Progress (Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/93	\$15,913	\$17,605	\$ 1,691	90.4%	\$12,575	13.4%
10/1/95	9,585	8,996	(590)	106.6	4,105	(14.4)
10/1/97	14,614	11,248	(3,366)	129.9	4,497	(74.8)

NOTE 15. **DEFINED** CONTRIBUTION PLANS

The City of North Miami Police Officers' Retirement Pension Fund Share Plan (Ord. 592.1.1) (the Plan) was established to provide retirement benefits for police officers of the City of North Miami. These benefits are funded from the State of Florida insurance premium **tax** monies and are in addition to benefits provided by the City of North Miami's retirement system. A separate Board of Trustees is responsible for the administration of this Plan. In accordance with GASB No. 24, the City recognized revenues and expenditures in the amount of \$147,586 as on behalf payments for contributions of these premiums into the Plan.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 15. DEFINED CONTRIBUTION PLANS (Continued)

The Plan issues a publicly available report that includes financial statements and required supplementary information. This report may be obtained by writing to: City of North Miami Police Department, 700 N. E. 124th Street, North Miami, Florida 33161.

The City administers the City of North Miami Department Managers' Pension Plan, an IRS Section 403(a) defined contribution pension plan for department managers. This plan is funded through employer contributions consisting of 10% of a participant's compensation. This Plan can only be amended by the City Council.

During fiscal year 1998, the City contributed approximately \$96,585 into this plan which is administered through the Variable Annuity Life Insurance Company.

NOTE 16. CONTINGENCIES

a. Environmental Matters (Interama Property)

(i) Historical Background

In 1970, the City acquired 350 acres of land (Interama Land), for approximately \$11,800,000, included in the General Fixed Assets Account Group, in connection with the issuance of the \$12,000,000 General Obligation Bonds, issued to provide financial assistance to the Inter-American Center Authority (Interama), an agency established by the State of Florida to develop an international cultural and trade center for the Americas. The project never materialized. The City has never been repaid by Interama for the bond proceeds. The City subsequently entered into a 30-year lease agreement with a company (Lessee) formed to develop a recreation project on the Interama Land. The Lessee subsequently used a portion of the property as a dumpsite, and the property has since been the subject of controversy arising principally from site related environmental issues involving the City, the Lessee, various governmental agencies and others, which controversy has restricted its use and development. Accordingly, the recreation project was never completed and the Lessee abandoned the premises.

In 1981, the Florida Department of Environmental Regulation (DER) had filed a suit against the City and the Lessee to close the portion of the Interama Land which the Lessee had been operating as a dumpsite (landfill). The landfill has not operated since 1980 and the City and State have been working together to produce a closure plan for implementation. Subsequent to the issuance of a draft of a joint City and DER engineering study in 1987, DER acknowledged that the decision of when to initiate closure and implementation of the closure would not be feasible until the United States Environmental Protection Agency (EPA) completed its Remedial Investigation1 Feasibility Study and the results were examined by the City.

Initially, approximately 291 acres of the Interama Land was included on the National Priorities List (NPL), pursuant to Section 105 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA).

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 16. CONTINGENCIES (Continued)

a. Environmental Matters (Interama Property) (Continued)

(ii) Recent Studies and Developments

A final Remedial Investigation Report and a Feasibility Study Report were published by EPA in 1988. The EPA issued its Record of Decision on this study, dated July 26, 1990 which reduced the size of the site to remain on the NPL to 33+ acres. The specific 33+ acres are described in a Consent Decree negotiated between the City and the EPA. This narrowing of the site will greatly facilitate the City's potential to attract a public-use oriented developer to contribute part of the ultimate costs of the site closure remedy. The Consent Decree was approved by the Court in March 1992. In September 1997, the EPA's Record of Decision was amended to indicate that no further remedial action was required by the City. The EPA issued a certificate of completion on June 3, 1998. The City anticipates that the consent decree will be dismissed and the site will be removed from the National Priorities List during 1999.

On February 10, 1998, the City voluntarily executed a Consent Agreement with the Miami-Dade County Department of Environmental Resources Management (DERM) to carry out groundwater remedial measures required by Florida law and County ordinance. The Consent Agreement anticipates that the Florida Department of Environmental Protection (FDEP) will delegate to DERM oversight of the landfill closure activities, in order to bring all regulatory controls under the auspices of a single agency.

The EPA Record of Decision had proposed a remedy for the 33+ acre NPL site at an approximate cost of \$2 - 4 million, rather than the previously suggested EPA remedies ranging from \$40 - \$120 million or the \$11 million remedy once suggested by the City/DER study of 1987. It is anticipated that environmental closure costs for the balance of the site (170 acres) pursuant to State law will not exceed \$6 - 8 million, with placement of clean fill, drainage and site monitoring.

In 1995, the City's management, along with their consultants prepared a Superfund Remediation and Landfill Closure Cost Projection. The projection covered a five year period from 1995 to 1999 and includes engineering, administration, construction and operation costs. Based on this study, the City estimates its liability at a cost range of \$11-16 million. The range in estimates for clean up is due to uncertainties as to the methods which must be employed for remediation.

During 1998, the City incurred approximately \$1,036,000 in site closure costs which are reported in the Landfill Closure fund. Approximately \$566,000 of this cost has been capitalized as costs to the land and reported in the General Fixed Assets account group. Fiscal year 1997 and 1996 expenditures totaled approximately \$2.7 million of which approximately \$2.3 million has been capitalized. In lieu of an updated cost projection and due to existing uncertainties as to future reduced Superfund operating costs, the City continues to estimate its September 30, 1998 liability at \$9 million, as a conservative measure (see Note 9). An updated cost projection is expected in fiscal year 1999.

The City anticipates the balance of the liability will be funded by the following sources of revenue from outside the City.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 16. CONTINGENCIES (Continued)

a. Environmental Matters (Interama Property) (Continued)

(iii) Revenue Sources

(a) State Assistance (**Grants/Contracts**):

A portion of the necessary final study and design work for the remediation of the 33+ acre site was **funded** through a contract between the City and DER, dated November 1990, at a total anticipated cost not to exceed \$1.4 million. The work plan for this study included a portion of the plans required by the **EPA's** scope of work, as adopted as a component of the Consent Decree entered into between the EPA and the City. The joint **State/City** effort related to the site again continued when the City successfully petitioned the Florida Legislature for **funding** assistance toward the actual Superfund site remedial construction in the 1992 legislative session and received a legislative commitment for a \$2.6 million grant via Chapter 92-30 Laws of Florida. This has been secured by a Grant Agreement dated June 22, 1993. In 1996, the City recognized approximately \$522,000 in revenues from these sources, as compared to approximately \$1.3 million in 1995. The 1992 grant expired in 1996 with the unused portion, approximately \$851,000, being reappropriated in the 1997 Florida Legislative Session. The City received the reappropriated funds in 1998.

(b) Other State Assistance:

The City's continued success in obtaining assistance from the State of Florida is based on the fact that the State did not repay the City for the 1970 bond proceeds. The 1989 Florida Legislature provided some assistance to the City via adoption of H.B. 709 (Chapter 89-246, Laws of Florida) which gave certain surplus State lands at Interama to the City. The deed for the lands was received by the City in December 1989. On the May 1990 election ballot, the City's voters approved the sale of these lands. All parcels have been sold. The sale of these lands produced \$3,671,712 in revenues.

(iv) Other Revenue Sources

(a) Litigation against Potentially Responsible Parties:

In 1994, the City recovered \$900,000 **and** the 30 acre Bessemer parcel from the former **dumpsite** operation. The value of the land received in the settlement was estimated at \$500,000, and is recorded in the General Fixed Assets Account Group.

In 1998, the City recovered approximately \$495,000 in litigation proceeds and continues to pursue action against other parties. To date, the City has recognized approximately \$1,946,000 in Munisport litigation proceeds, in addition to the parcel of land.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 16. CONTINGENCIES (Continued)

a. Environmental Matters (Interama Property) (Continued)

(iv) Other Revenue Sources (Continued)

(b) Proceeds from Issuance of Capital Improvement Revenue Bonds:

During 1996, the City issued approximately \$4.5 million in Capital Improvement Revenue Bonds to fund a portion of the cost of the Superfund Remedy and the final closure of the Munisport site. The bonds are to be repaid over a 5 year period beginning in fiscal year 1997, and are payable from and secured by certain annual grant payments to be received from Miami-Dade County, Florida.

(c) Grant Agreement:

The City entered into a Grant Agreement with Miami-Dade County, Florida for four 5 year terms which the County has agreed to provide an annual grant to the City not to exceed \$1,000,000 commencing on October 1, 1996 and thereafter each year during the term of the Agreement. Grant funds will be utilized solely to pay the cost of the Superfund Remedy and the final closure of the Munisport site, including debt service on the Capital Improvement Revenue Bonds.

(v) Overall Outlook

In the final analysis, it is the inherent and **useable** value for the City's 350 acres of Interama land which disperses the potential for an ultimate or net loss concerning the environmental matters. For example, the 27 acres of City property located north of 151st Street was sold to Miami-Dade County for \$1.62 million, while taking into consideration the wetland status of the property. This sale was closed in August 1993. A 1992 preliminary appraisal of a northwestern 104 acre portion of the 170 acre landfill, reflects an estimated value of \$8 million.

It is the City's opinion that any ultimate loss to the City concerning the environmental matters pertaining to the former Munisport site may be offset by **future** use of the land.

b. Other

The City has been named as a defendant in a civil action for breach of contract to recover damages in the amount of approximately \$436,000 in connection with services rendered by plaintiff, an engineering firm, related to the Munisport site. The City has filed a counterclaim for breach of contract seeking damages in the amount of \$1,400,000. Counsel is unable at this time, to express an opinion on the exposure of the City, if any, to an adverse judgment. In the event the City is liable for damages, the potential maximum loss is approximately \$550,000.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

NOTE 16. CONTINGENCIES (Continued)

b. Other (Continued)

The City is a defendant in several additional lawsuits as of September 30, 1998, incidental to its operations, the outcomes of which are uncertain at this time. However, in the opinion of management and legal counsel, the ultimate outcome of such matters will not materially affect the financial position of the City.

c. Contingent Liabilities

Federal and State programs in which the City participates were audited in accordance with the provisions of the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, and the Florida Statutes. Pursuant to those provisions, financial assistance programs were tested for compliance with applicable grant requirements. Grantor agencies may subject grant programs to additional compliance tests which could result in disallowed expenditures. In the opinion of management, future disallowances, if any, of grant program expenditures would be immaterial.

NOTE 17. POST EMPLOYMENT BENEFITS

In addition to pension benefits described in Note 14, the City offers post retirement health care and group term life insurance benefits to all retirees who elect to pay the associated premiums and receive the benefits. The benefits are the same as those offered active employees - health and dental insurance in the City's group health plan and \$5,000 life insurance policy. Retirees can insure eligible dependents. The premium cost is paid entirely by the retirees and is at the same rate as that charged to City employees. In fiscal year 1998, there were approximately 36 health and dental retiree members and approximately 97 life insurance members.

In accordance with the October 1, 1994 Police Bargaining Agreement between the City of North Miami and the Dade County Police Benevolent Association, the City pays the full cost of health insurance premiums for children and minor dependents of officers killed in the line of duty, provided they were covered by the City's health insurance plan at the time of the officer's death. The coverage continues until such **children/minor** dependents attain the age of 18 or the age of 23 for full-time students. Currently, 5 **children/minor** dependents meet those eligibility requirements.

In fiscal year 1997, the City offered a one-time Retirement Incentive to employees who had at least twenty years of City service and who were at least 50 years of age. The incentive was City paid group health premiums until age 65. Nine employees took advantage of this incentive. The annual budget includes premiums for this group of employees and for **children/minor** dependents of officers killed in the line of duty. Fiscal year 1998 expenditures for these benefits totaled \$17,660 and \$8,099, respectively.

Effective October 1, 1997, the City provided paid group health insurance premiums until age 65, for elected officials of the City who have served a minimum of eight years and their tenure as an elected official commenced after May 23, 1989.

CITY OF NORTH MIAMI, FLORIDA

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

NOTE 18. NON-COMMITMENT DEBT

In July 1992, the City issued \$21,115,000 in Health Care Facilities Revenue Bonds for the purpose of providing funds to the Affordable Community Housing Trust, a non-profit public benefit corporation, for the acquisition of an independent elderly living facility (the Imperial Club Project). In 1998, the City received an annual issuers fee in the amount of \$40,741.

In January 1994, the City issued \$23,640,000 in Educational Facilities Revenue Bonds to provide financial assistance to Johnson & Wales University, a non-profit corporation, for the acquisition and renovation of facilities to accommodate the **University's** post-secondary culinary arts program in the City of North Miami. In 1998, the City received an annual issuers fee in the amount of \$23,640.

The City acts solely as a lawful conduit in the issuance of these bonds and is not liable in any manner. The amount of debt outstanding as of September 30, 1998 was \$20,375,000 and \$23,640,000, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MIAMI FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

YEAR 2000 ISSUE

In accordance with GASB Technical Bulletin No. 98-1, as amended, the City presents the status of the Year 2000 issue as it relates to the City of North Miami.

Awareness Stage

The City of North Miami has actively worked on the Year 2000 problem for the past year. At this time, all departments are evaluating essential services received from outside **contractors/vendors** that may be impacted by Y2K problems and are reviewing alternative **vendors/services**.

Assessment Stage

The City of North Miami established a Y2K committee, which was given the task of identifying all software and hardware that is not Y2K compliant. This was accomplished by September 30, 1998. The Computer Center was responsible for mainframe hardware and software. The mainframe systems such as Utility Billing, Payroll, City Clerk, Financial Management Systems and Public Works were given priority.

Remediation Stage

This stage deals primarily with the technical issues of converting existing systems. Operating system software and priority applications software **problems/revisions** were identified and corrected before December 31, 1998.

Validation/Testing Stage

At this stage, the City shut down its main computer and restarted the system using the Year 2000. The applications stated above were checked to see if the Y2K problem existed. Minor problems surfaced which have been corrected. Although minor problems with non-priority applications have occurred periodically, the City expects to resolve all its critical Year 2000 problems by December 31, 1999. As a result of testing, a few PC applications were determined to be non-compliant. Of particular note was Fleet Management fuel software, which was upgraded to a Y2K version in early 1999.

**COMBINING, INDIVIDUAL FUND AND
ACCOUNT GROUP STATEMENTS
AND SCHEDULES**

GOVERNMENTAL FUND TYPES

- **GENERALFUND**
- **SPECIAL REVENUE FUNDS**
- **DEBT SERVICE FUNDS**
- **CAPITAL PROJECT FUNDS**

GENERAL FUND

GENERAL FUND is used to account for resources traditionally associated with government which are not required legally or by sound management principles to be accounted for in another fund.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE A-1

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES • BUDGET AND ACTUAL • BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	<u>1998</u>		Variance	<u>1997</u>
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Taxes:				
Property taxes	\$8,314,093	\$8,441,618	\$ 127,525	\$8,091,271
Sales and use taxes	713,684	729,794	16,110	716,935
Franchise fees	2,256,234	2,347,932	91,698	2,297,153
Utility service taxes	<u>3,247,225</u>	<u>3,344,450</u>	<u>97,225</u>	<u>3,261,510</u>
	<u>14,531,236</u>	<u>14,863,794</u>	<u>332,558</u>	<u>14,366,869</u>
Licenses and permits:				
Business licenses and permits	470,250	469,064	(1,186)	544,328
Construction permits	<u>337,050</u>	<u>368,903</u>	<u>31,853</u>	<u>310,427</u>
	<u>807,300</u>	<u>837,967</u>	<u>30,667</u>	<u>854,755</u>
Intergovernmental:				
State revenue sharing	1,341,532	1,393,358	51,826	1,357,140
Grants	952,235	348,633	(603,602)	215,195
Other state and local revenues	<u>2,641,361</u>	<u>2,830,230</u>	<u>188,869</u>	<u>2,677,395</u>
	<u>4,935,128</u>	<u>4,572,221</u>	<u>(362,907)</u>	<u>4,249,730</u>
Charges for services:				
Public safety	17,750	24,404	6,654	21,318
Recreation	343,885	335,349	(8,536)	320,584
Internal charges	3,252,812	3,250,414	(2,398)	3,195,703
Other	<u>114,700</u>	<u>137,621</u>	<u>22,921</u>	<u>122,931</u>
	<u>3,729,147</u>	<u>3,747,788</u>	<u>18,641</u>	<u>3,660,536</u>
Fines and Forfeitures	<u>256,250</u>	<u>270,701</u>	<u>14,451</u>	<u>273,701</u>
Other (including interest):				
Interest	225,489	290,783	65,294	299,351
Other	<u>282,214</u>	<u>286,779</u>	<u>4,565</u>	<u>391,917</u>
	<u>507,703</u>	<u>577,562</u>	<u>69,859</u>	<u>691,268</u>
Total revenues	<u>24,766,764</u>	<u>24,870,033</u>	<u>103,269</u>	<u>24,096,859</u>

(Continued)

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE A-1
(Continued)

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	<u>1998</u>			<u>1997</u>
			Variance	
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>Actual</u>
			<u>(Unfavorable)</u>	
Expenditures:				
Current:				
General Government:				
Mayor and council	\$ 101,209	\$ 91,579	\$ 9,630	\$ 91,226
City manager	398,173	334,668	63,505	283,568
City clerk	167,077	159,999	7,078	171,028
Finance	1,173,594	1,152,603	20,991	1,102,488
Legal	350,556	344,184	6,372	295,247
Personnel	376,022	371,867	4,155	356,806
Budget/administration management (1)	181,816	179,168	2,648	181,421
Computer information processing (1)	478,256	450,424	27,832	396,491
Non-departmental:				
Intragovernment charges for insurance	1,593,789	1,379,768	214,021	1,683,841
Employee benefits	2,544,824	2,175,882	368,942	2,990,612
Other	<u>886,060</u>	<u>453,960</u>	<u>432,100</u>	<u>741,371</u>
Total non-departmental	<u>5,024,673</u>	<u>4,009,610</u>	<u>1,015,063</u>	<u>5,415,824</u>
Total general government	<u>8,251,376</u>	<u>7,094,102</u>	<u>1,157,274</u>	<u>8,294,099</u>
Public works	1,458,193	1,475,867	(17,674)	1,547,394
Public safety	9,042,002	8,818,320	223,682	8,578,735
Culture/recreation	4,606,895	4,500,349	106,546	4,415,686
Community planning and development	1,467,687	1,441,838	25,849	1,312,262
Grants/aids	342,498	310,151	32,347	275,493
Capital outlay	<u>2,613,053</u>	<u>843,606</u>	<u>1,769,447</u>	<u>465,678</u>
Total expenditures	<u>27,781,704</u>	<u>24,484,233</u>	<u>3,297,471</u>	<u>24,889,347</u>
Excess (deficiency) of revenues over expenditures	<u>(3,014,940)</u>	<u>385,800</u>	<u>3,400,740</u>	<u>(792,488)</u>
Other financing sources (uses):				
Operating transfers in	1,826,845	872,340	(954,505)	230,040
Operating transfers out	<u>(499,833)</u>	<u>(439,081)</u>	<u>60,752</u>	<u>(924)</u>
Total other financing sources (uses)	<u>1,327,012</u>	<u>433,259</u>	<u>(893,753)</u>	<u>229,116</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (1,687,928)</u>	<u>\$ 819,059</u>	<u>\$ 2,506,987</u>	<u>\$ (563,372)</u>
Appropriated beginning fund balance	<u>\$ 1,687,928</u>			

(1) Both of these divisions fall under the same budgetary level of control, but are shown separately for informational purposes.

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT - This fund is used to account for expenditures of federal funds to provide decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.

INDUSTRIAL AREA IMPROVEMENT - This fund is used to account for expenditures of corporate donations for improvement to the City of North Miami industrial area. (This fund was closed in fiscal year 1998.)

LIBRARY - This fund is used to provide for the administrative operation of the City of North Miami Library. The Library operations are financed by proceeds from Library ad valorem taxes.

SPECIAL IMPROVEMENT REVOLVING - This fund is used to account for street and sidewalk improvements funded by special assessment levies. (This fund was closed in fiscal year 1998.)

BISCAYNE BOULEVARD IMPROVEMENT — This fund is used to account for miscellaneous revenues from code violations, impact fees and miscellaneous billings that are restricted to expenditures for specific current operating purposes.

LANDFILL CLOSURE - This fund is used to account for monies needed to close the Munisport site (Interama).

DOWNTOWN PARKING - This fund is used to account for revenue derived from issuing parking variances for future construction of a City parking facility. (This fund was closed in fiscal year 1998.)

POLICE TRAINING — This fund is used to account for expenditures of State Police Training funds on behalf of the City of North Miami Police Officer training.

TREEBANK - This fund is used to account for revenue donated or acquired from insurance claims for damage to trees located on public properties to be used in the acquisition and planting of trees on public land or on public right-of-way. This fund was closed in fiscal year 1998 and is presented on a budgetary basis only.

LOCAL HOUSING ASSISTANCE (SHIP) - This fund is used to account for state funds provided for the creation of local housing partnerships, to expand production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing and to increase housing-related employment.

BUSINESS ASSISTANCE LOAN - This fund is used to account for CDBG funds provided for the retention and expansion of business and industry in the City of North Miami and the creation and retention of permanent private sector job opportunities principally for persons of low and moderate income. This fund had no revenues or expenditures in fiscal year 1998 and is presented on a budgetary basis only.

MULTI-FAMILY REHAB LOAN - This fund is used to make loans to owners of multi-family residential living facilities for improvements to their facilities. The funds for the loans are provided from the City's CDBG Entitlement Fund. This fund generated no activity during fiscal year 1998 and is presented on a budgetary basis only.

ENERGY REVOLVING - This fund is used to account for savings realized through improvements to City facilities which result in reduced energy usage. Savings will be used to insulate the fourth floor of City Hall. This fund had no revenues or expenditures in fiscal year 1998 and is presented on a budgetary basis only.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE B-1

SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET

SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

	CDBG Entitlement	Library	Biscayne Boulevard Improvement	Landfill Closure	Police Training	Local Housing Assistance (SHIP)	Totals	
							1998	1997
<u>Assets</u>								
Cash and short-term investments	\$ -	\$ 87,038	\$ 6,811	\$ 37,889	\$ 6,598	\$ 69,219	\$ 207,555	\$ 1,272,410
Certificates of deposit	-	-	-	2,400,000	-	-	2,400,000	1,500,000
Receivables - taxes	-	7,590	-	-	-	-	7,590	9,080
Intergovernmental	314,745	5,821	-	-	-	-	320,566	19,601
Receivables - miscellaneous	-	15	-	347	-	275	637	722
Total assets	<u>\$ 314,745</u>	<u>\$ 100,464</u>	<u>\$ 6,811</u>	<u>\$ 2,438,236</u>	<u>\$ 6,598</u>	<u>\$ 69,494</u>	<u>\$ 2,936,348</u>	<u>\$ 2,801,813</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 53,474	\$ 12,482	\$ -	\$ 189,721	\$ 553	\$ 446	\$ 256,676	\$ 314,360
Accrued liabilities, principally salaries	1,481	7,825	-	-	-	-	9,306	8,988
Payroll deductions	1,940	8,180	-	-	-	-	10,120	9,261
Due to other funds	257,850	-	-	-	-	-	257,850	12,654
Due to other governmental units	-	530	-	-	-	-	530	-
Deferred revenue	-	-	-	520,388	-	69,048	589,436	224,301
Total liabilities	<u>314,745</u>	<u>29,017</u>	<u>-</u>	<u>710,109</u>	<u>553</u>	<u>69,494</u>	<u>1,123,918</u>	<u>569,564</u>
Fund balances:								
Reserved for encumbrances	-	25,124	-	41,473	-	-	66,597	5,409
Unreserved:								
Designated-subsequent year's expenditure	-	46,323	6,811	1,686,654	6,045	-	1,745,833	2,219,090
Undesignated	-	-	-	-	-	-	-	7,750
Total fund balances	<u>-</u>	<u>71,447</u>	<u>6,811</u>	<u>1,728,127</u>	<u>6,045</u>	<u>-</u>	<u>1,812,430</u>	<u>2,232,249</u>
Total liabilities and fund balances	<u>\$ 314,745</u>	<u>\$ 100,464</u>	<u>\$ 6,811</u>	<u>\$ 2,438,236</u>	<u>\$ 6,598</u>	<u>\$ 69,494</u>	<u>\$ 2,936,348</u>	<u>\$ 2,801,813</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE B-2

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	CDBG Entitlement	Industrial Area Improvement	Library	Special Improvement Revolving	Biscayne Boulevard Improvement	Landfill Closure	Downtown Parking	Police Training	Local Housing Assistance {SHIP}	Totals 1998	1997
Revenues:											
Taxes	\$ -	\$ -	\$ 808,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 808,014	\$ 788,520
Intergovernmental	463,356	-	16,421	-	-	1,331,009	-	-	348,211	2,158,997	1,492,433
Charges for services	-	-	10,016	-	-	-	-	-	-	10,016	10,122
Other (including interest)	-	-	20,370	-	428	630,635	-	9,858	14,341	675,632	461,526
Total revenues	<u>463,356</u>	<u>-</u>	<u>854,821</u>	<u>-</u>	<u>428</u>	<u>1,961,644</u>	<u>-</u>	<u>9,858</u>	<u>362,552</u>	<u>3,652,659</u>	<u>2,752,601</u>
Expenditures:											
Current:											
Public safety	-	-	-	-	-	-	-	5,353	-	5,353	11,356
Cultural/recreation	-	-	768,035	-	-	-	-	-	-	768,035	669,112
Community planning and development	146,260	-	-	-	-	-	-	-	-	146,260	255,541
Physical environment	-	-	-	-	-	469,386	-	-	-	469,386	193,754
Economic environment	-	-	-	-	-	-	-	-	4,209	4,209	5,425
Grants/aids	281,882	-	-	-	-	-	-	-	358,343	640,225	228,593
Capital outlay	<u>35,214</u>	<u>-</u>	<u>125,628</u>	<u>-</u>	<u>2,115</u>	<u>566,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>729,667</u>	<u>612,150</u>
Total expenditures	<u>463,356</u>	<u>-</u>	<u>893,663</u>	<u>-</u>	<u>2,115</u>	<u>1,036,096</u>	<u>-</u>	<u>5,353</u>	<u>362,552</u>	<u>2,763,135</u>	<u>1,975,931</u>
Excess (deficiency) of revenues over expenditures		-	(38,842)	-	(1,687)	925,548	-	4,505	-	889,524	776,670
Other financing uses:											
Operating transfers out		-	(21,930)	-	-	(1,248,734)	-	-	-	(1,270,664)	(1,032,823)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(21,930)</u>	<u>-</u>	<u>-</u>	<u>(1,248,734)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,270,664)</u>	<u>(1,032,823)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses		-	(60,772)	-	(1,687)	(323,186)	-	4,505	-	(381,140)	(256,153)
Fund balances, beginning		1,407	132,219	37,229	8,498	2,051,313	43	1,540	-	2,232,249	2,492,911
Equity transfers out		(1,407)	-	(37,229)	-	-	(43)	-	-	(38,679)	(4,509)
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,447</u>	<u>\$ -</u>	<u>\$ 6,811</u>	<u>\$ 1,728,127</u>	<u>\$ -</u>	<u>\$ 6,045</u>	<u>\$ -</u>	<u>\$ 1,812,430</u>	<u>\$ 2,232,249</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE B-3

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	<u>CDBG Entitlement</u>			<u>Industrial Area Improvement</u>			<u>Library</u>		
	(1)	(2)	Variance			Variance			Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 798,548	\$ 808,014	\$ 9,466
Intergovernmental	2,568,870	463,356	(2,105,514)	-	-	-	11,000	16,421	5,421
Charges for services	-	-	-	-	-	-	11,200	10,016	(1,184)
Other (including interest)	-	-	-	-	-	-	20,162	20,370	208
Total revenues	<u>2,568,870</u>	<u>463,356</u>	<u>(2,105,514)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>840,910</u>	<u>854,821</u>	<u>13,911</u>
Expenditures:									
Current:									
Public safety					-	-		-	
Cultural/recreation				-	-	-	797,509	782,589	14,920
Planning and economic development	258,081	126,904	131,177		-	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-
Grants/aids	1,018,000	281,900	736,100	-	-	-	-	-	-
Capital outlay	<u>499,004</u>	<u>169,659</u>	<u>329,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,022</u>	<u>131,335</u>	<u>25,687</u>
Total expenditures	<u>1,775,085</u>	<u>578,463</u>	<u>1,196,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>954,531</u>	<u>913,924</u>	<u>40,607</u>
Excess (deficiency) of revenues over expenditures	<u>793,785</u>	<u>(115,107)</u>	<u>(908,892)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,621)</u>	<u>(59,103)</u>	<u>54,518</u>
Other financing sources (uses):									
Operating transfers in							17,350		(17,350)
Operating transfers out	<u>(532,750)</u>		<u>532,750</u>	<u>(1,410)</u>	<u>(1,407)</u>	<u>3</u>	<u>(23,218)</u>	<u>(21,930)</u>	<u>1,288</u>
Total other financing sources (uses)	<u>(532,750)</u>		<u>532,750</u>	<u>(1,410)</u>	<u>(1,407)</u>	<u>3</u>	<u>(5,868)</u>	<u>(21,930)</u>	<u>(16,062)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	<u>\$ 261,035</u>	<u>\$ (115,107)</u>	<u>\$ (376,142)</u>	<u>\$ (1,410)</u>	<u>\$ (1,407)</u>	<u>\$ 3</u>	<u>\$ (119,489)</u>	<u>\$ (81,033)</u>	<u>\$ 38,456</u>
Appropriated beginning fund balance	<u>\$ 36,589</u>			<u>\$ 1,410</u>			<u>\$ 119,489</u>		

(1) \$297,624 budgeted as reserve for land acquisition and reserve for future appropriation.

(2) Grant reimbursement is based on cash outlays not commitments. Encumbered commitments are expended on budgetary basis

(Continued)

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE B-3
(Continued)

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	<u>Special Improvement Revolving</u>			<u>Biscayne Boulevard Improvement</u>			<u>Landfill Closure</u>		
			Variance			Variance			Variance
			Favorable	(3)		Favorable			Favorable
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	1,851,397	1,331,009	(520,388)
Charges for services	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	20,568	428	(20,140)	772,711	630,635	(142,076)
Total revenues	-	-	-	20,568	428	(20,140)	2,624,108	1,961,644	(662,464)
Expenditures:									
Current:									
Public safety	-	-	-	-	-	-	-	-	-
Cultural/recreation	-	-	-	-	-	-	-	-	-
Planning and economic development	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	106,431	477,786	(371,355)
Economic environment	-	-	-	-	-	-	-	-	-
Grants/aids	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	4,650	2,115	2,535	3,663,273	599,783	3,063,490
Total expenditures	-	-	-	4,650	2,115	2,535	3,769,704	1,077,569	2,692,135
Excess (deficiency) of revenues over expenditures	-	-	-	15,918	(1,687)	(17,605)	(1,145,596)	884,075	2,029,671
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	(37,257)	(37,229)	28	-	-	-	(1,250,000)	(1,248,734)	1,266
Total other financing sources (uses)	(37,257)	(37,229)	28	-	-	-	(1,250,000)	(1,248,734)	1,266
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$(37,257)</u>	<u>\$(37,229)</u>	<u>\$ 28</u>	<u>\$ 15,918</u>	<u>\$(1,687)</u>	<u>\$ (17,605)</u>	<u>\$(2,395,596)</u>	<u>\$(364,659)</u>	<u>\$ 2,030,937</u>
Appropriated beginning fund balance	<u>\$ 37,257</u>			<u>\$ 8,069</u>			<u>\$ 2,395,596</u>		

(3) \$23,987 budgeted as reserve for future appropriation.

(Continued)

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE B-3

(Continued)

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	<u>Downtown Parking</u>			<u>Police Training</u>			<u>Tree Bank</u>		
	Variance			Variance			Variance		
	Favorable			Favorable			Favorable		
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Other (principally interest)	-	-	-	12,035	9,858	(2,177)	-	-	-
Total revenues	-	-	-	12,035	9,858	(2,177)	-	-	-
Expenditures:									
Current:									
Public safety	-	-	-	16,590	5,353	11,237	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	-	-
Planning and economic development	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-
Grants - aids	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	16,590	5,353	11,237	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	(4,555)	4,505	9,060	-	-	-
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	(43)	(43)	-	-	-	-	(50)	-	50
Total other financing sources (uses)	(43)	(43)	-	-	-	-	(50)	-	50
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses - budgetary basis	\$ (43)	\$ (43)	\$ -	\$ (4,555)	\$ 4,505	4,505	\$ (50)	\$ -	\$ 50
Appropriated beginning fund balance	\$ 43			\$ 4,555			\$ 50		

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE B-3

(Continued)

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	<u>Local Housing Assistance (SHIP)</u>			<u>Business Assistance Loan</u>			<u>Multi-Family Rehab Loan</u>		
			Variance			Variance			Variance
			Favorable	(4)		Favorable	(5)		Favorable
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	345,203	348,211	3,008	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Other (including interest)	<u>9,242</u>	<u>14,341</u>	<u>5,099</u>	<u>41,000</u>	-	<u>(41,000)</u>	<u>41,000</u>	-	<u>(41,000)</u>
Total revenues	<u>354,445</u>	<u>362,552</u>	<u>8,107</u>	<u>41,000</u>	-	<u>(41,000)</u>	<u>41,000</u>	-	<u>(41,000)</u>
Expenditures:									
Current:									
Public safety	-	-	-	-	-	-	-	-	-
Cultural/recreation	-	-	-	-	-	-	-	-	-
Planning and economic development	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-	-
Economic environment	8,017	4,209	3,808	2,500	-	2,500	2,500	-	2,500
Grants/aids	410,423	358,343	52,080	250,000	-	250,000	250,000	-	250,000
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	<u>418,440</u>	<u>362,552</u>	<u>55,888</u>	<u>252,500</u>	-	<u>252,500</u>	<u>252,500</u>	-	<u>252,500</u>
Excess (deficiency) of revenues over expenditures	<u>(63,995)</u>	-	<u>63,995</u>	<u>(211,500)</u>	-	<u>211,500</u>	<u>(211,500)</u>	-	<u>211,500</u>
Other financing sources (uses):									
Operating transfers in	-	-	-	250,000	-	(250,000)	250,000	-	(250,000)
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	<u>250,000</u>	-	<u>(250,000)</u>	<u>250,000</u>	-	<u>(250,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (63,995)</u>	<u>\$ -</u>	<u>\$ 63,995</u>	<u>\$ 38,500</u>	<u>\$ -</u>	<u>\$ (38,500)</u>	<u>\$ 38,500</u>	<u>\$ -</u>	<u>\$ (38,500)</u>
Appropriated beginning fund balance	<u>\$ 63,995</u>			<u>\$ -</u>			<u>\$ -</u>		

(4) \$38,500 budgeted as a reserve for future loans

(5) \$38,500 budgeted as a reserve for future loans.

(Continued)

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE B-3

(Continued)

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPEND — \$ - BUDGET AND ACTUAL - BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	<u>Energy Revolving</u>			<u>Totals</u>		
			Variance			Variance
	(6)		Favorable			Favorable
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 798,548	\$ 808,014	\$ 9,466
Intergovernmental	-	-	-	4,776,470	2,158,997	(2,617,473)
Charges for services	-	-	-	11,200	10,016	(1,184)
Other (including interest)	<u>100</u>	<u>-</u>	<u>(100)</u>	<u>916,818</u>	<u>675,632</u>	<u>(241,186)</u>
Total revenues	<u>100</u>	<u>-</u>	<u>(100)</u>	<u>6,503,036</u>	<u>3,652,659</u>	<u>(2,850,377)</u>
Expenditures:						
Current:						
Public safety	-	-	-	16,590	5,353	11,237
Cultural/recreation	-	-	-	797,509	782,589	14,920
Planning and economic development	-	-	-	258,081	126,904	131,177
Physical environment	-	-	-	106,431	477,786	(371,355)
Economic environment	-	-	-	13,017	4,209	8,808
Grants/aids	-	-	-	1,928,423	640,243	1,288,180
Capital outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>4,328,949</u>	<u>902,892</u>	<u>3,426,057</u>
Total expenditures	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>7,449,000</u>	<u>2,939,976</u>	<u>4,509,024</u>
Excess (deficiency) of revenues over expenditures	<u>(4,900)</u>	<u>-</u>	<u>4,900</u>	<u>(945,964)</u>	<u>712,683</u>	<u>1,658,647</u>
Other financing sources (uses):						
Operating transfers in	6,811	-	(6,811)	524,161	-	(524,161)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,844,728)</u>	<u>(1,309,343)</u>	<u>535,385</u>
Total other financing sources (uses)	<u>6,811</u>	<u>-</u>	<u>(6,811)</u>	<u>(1,320,567)</u>	<u>(1,309,343)</u>	<u>11,224</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ 1,911</u>	<u>\$ -</u>	<u>\$ (1,911)</u>	<u>\$ (2,266,531)</u>	<u>\$ (596,660)</u>	<u>\$ 1,669,871</u>
Appropriated beginning fund balance	<u>\$ -</u>					

(6) \$1,911 budgeted as a reserve for future appropriations.

DEBT SERVICE FUNDS

The **DEBT SERVICE FUNDS** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special obligation bond principal and interest when the government is obligated in some manner for the payment.

REFUNDING AND PUBLIC IMPROVEMENT REVENUE CERTIFICATES 1962-1969 — This fund is used to account for debt service on various issues of revenue certificates. Debt service on the certificates are payable solely from the proceeds of cigarette and utility service taxes, license fees and franchise fees. The last series matured in July 1997. There were no revenues or expenditures in **this** fund during **FY98**. This fund will remain open pending final disposition of matured bonds interest payable.

1992 GENERAL OBLIGATION IMPROVEMENT BONDS — This fund is used to account for monies for payment of principal, interest, and other costs related to the 1992 general obligation improvement bonds. Debt service is financed primarily by ad valorem taxes.

1996 CAPITAL IMPROVEMENT REVENUE BONDS — This fund is used to account for debt service on capital improvement revenue bonds issued for the purpose of paying a portion of the cost of the Superfund remedy and final closure of the Munisport **dumpsite** (Interama). The bonds are payable from and secured by certain annual grant revenues to be received from Miami-Dade County, Florida **and** by a City covenant to budget and appropriate funds from non-ad valorem revenues to make up any debt service deficiencies.

1997 TAXABLE SPECIAL OBLIGATION BONDS PENSION FUNDING PROJECT (PENSION OBLIGATION BONDS) — This fund is used to account for monies for payment of principal, interest and other costs related to the 1997 taxable special obligation bonds series (pension funding project) issued for the purpose of discharging the unfunded actuarial liabilities as of October 1, 1997 and to pay bond issuance costs. Debt service is financed by non-ad valorem funds budgeted and appropriated by the City on an annual basis.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE C-1

DEBT SERVICE FUNDS COMBINING BALANCE SHEET

SEPTEMBER 30, 1998
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

	Refunding and Public Improvement Revenues Certificates <u>1962-1969</u>	1992 General Obligation Improvement <u>Bonds</u>	1996 Capital Improvement Revenue <u>Bonds</u>	Pension Obligation <u>Bonds</u>	<u>Totals</u> <u>1998</u> <u>1997</u>	
<u>ASSETS</u>						
Cash and short-term investments	\$ -	\$ 8,142	\$ -	\$ 14,951	\$ 23,093	\$ 94,771
Cash with fiscal agents	8,136	-	-	-	8,136	9,723
Taxes receivable	-	12,984	-	-	12,984	15,618
Other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
						-
Total assets	<u>\$ 8,136</u>	<u>\$ 21,126</u>	<u>\$ -</u>	<u>\$ 18,451</u>	<u>\$ 47,713</u>	<u>\$ 123,612</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,413
Accrued interest payable					-	40,449
Matured bonds and interest payable	8,136			-	8,136	9,723
Due to other funds						<u>4,951</u>
Total liabilities	<u>8,136</u>			<u>-</u>	<u>8,136</u>	<u>96,536</u>
Fund balances:						
Reserved for debt service:		21,126	-	18,451	39,577	27,076
Total fund balances		<u>21,126</u>	<u>-</u>	<u>18,451</u>	<u>39,577</u>	<u>27,076</u>
Total liabilities and fund balances	<u>\$ 8,136</u>	<u>\$ 21,126</u>	<u>\$ -</u>	<u>\$ 18,451</u>	<u>\$ 47,713</u>	<u>\$ 123,612</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE C-2

DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED SEPTEMBER 30, 1998
(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	Refunding and Public Improvement Revenues Certificates <u>1962-1969</u>	1992 General Obligation Improvements <u>Bonds</u>	1996 Capital Improvement Revenue <u>Bonds</u>	Pension Obligation <u>Bonds</u>	<u>Totals</u>	
					<u>1998</u>	<u>1997</u>
Revenues:						
Taxes	\$ -	\$ 1,382,129	\$ -	\$ -	\$ 1,382,129	\$ 1,361,876
Other (including interest)				2,509	2,509	833
Total revenues	-	<u>1,382,129</u>		2,509	<u>1,384,638</u>	<u>1,362,709</u>
Expenditures:						
Principal retirement	-	1,000,000	843,360	-	1,843,360	1,832,076
Contributions to pension funds					-	11,412,917
Interest and fiscal charges		371,670	155,841	676,863	<u>1,204,374</u>	<u>727,759</u>
Total expenditures	-	<u>1,371,670</u>	<u>999,201</u>	<u>676,863</u>	<u>3,047,734</u>	<u>13,972,752</u>
Excess (deficiency) of revenues and expenditures	-	10,459	(999,201)	(674,354)	(1,663,096)	(12,610,043)
Other financing sources:						
Operating transfers in	-	-	998,734	676,863	1,675,597	1,000,000
Debt proceeds	-	-	-	-	-	11,604,892
Total other financing sources	-	-	998,734	676,863	1,675,597	12,604,892
Excess (deficiency) of revenues and other financing sources over expenditures		10,459	(467)	2,509	12,501	(5,151)
Fund balances, beginning		10,667	467	15,942	27,076	32,961
Equity transfer out	-	-	-	-	-	(734)
Fund balances, ending	\$ -	<u>\$ 21,126</u>	<u>\$ -</u>	<u>\$ 18,451</u>	<u>\$ 39,577</u>	<u>\$ 27,076</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE C-3

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	<u>1992 General Obligation Improvement Bon</u>			<u>Pension Obligation Bonds</u>		
			Variance			Variance
			Favorable			Favorable
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:						
Taxes	\$1,360,405	\$1,382,129	\$ 21,724	\$ -	\$ -	\$ -
Other (including interest)	-	-	-	-	2,509	2,509
Total revenues	<u>1,360,405</u>	<u>1,382,129</u>	<u>21,724</u>	<u>-</u>	<u>2,509</u>	<u>2,509</u>
Expenditures:						
Principal retirement	1,000,000	1,000,000	-	-	-	-
Interest and fiscal charges	<u>371,870</u>	<u>371,670</u>	<u>200</u>	<u>760,000</u>	<u>676,863</u>	<u>83,137</u>
Total expenditures	<u>1,371,870</u>	<u>1,371,670</u>	<u>200</u>	<u>760,000</u>	<u>676,863</u>	<u>83,137</u>
Excess (deficiency) of revenues over expenditures	<u>(11,465)</u>	<u>10,459</u>	<u>21,924</u>	<u>(760,000)</u>	<u>(674,354)</u>	<u>85,646</u>
Other financing sources:						
Operating transfers in	-	-	-	<u>760,000</u>	<u>676,863</u>	<u>(83,137)</u>
Total other financing sources	-	-	-	<u>760,000</u>	<u>676,863</u>	<u>(83,137)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ (11,465)</u>	<u>\$ 10,459</u>	<u>\$ 21,924</u>	<u>\$ -</u>	<u>\$ 2,509</u>	<u>\$ 2,509</u>
Appropriated beginning fund balance	<u>\$ 11,465</u>			<u>\$</u>		

(Continued)

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE C-3

(Continued)

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL-BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	<u>Capital Improvement Revenue Bonds</u>			<u>Total</u>		
			Variance Favorable			Variance Favorable
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$1,360,405	\$1,382,129	\$ 21,724
Other (including interest)	-	-	-	-	2,509	2,509
Total revenues	-	-	-	1,360,405	1,384,638	24,233
Expenditures:						
Principal retirement	843,360	843,360	-	1,843,360	1,843,360	-
Interest and fiscal charges	156,640	155,841	799	1,288,510	1,204,374	84,136
Total expenditures	1,000,000	999,201	799	3,131,870	3,047,734	84,136
Excess (deficiency) of revenues over expenditures	(1,000,000)	(999,201)	799	(1,771,465)	(1,663,096)	108,369
Other financing sources:						
Operating transfers in	1,000,000	998,734	(1,266)	1,760,000	1,675,597	(84,403)
Total other financing sources	1,000,000	998,734	(1,266)	1,760,000	1,675,597	(84,403)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ (467)	\$ (467)	\$ (11,465)	\$ 12,501	\$ 23,966
Appropriated beginning fund balance	\$ -					

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUNDS are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

ATHLETIC STADIUM — This fund is used to account for expenditures of State, County and School Board grants on behalf of stadium construction and track and field stadium enhancements to the City of North Miami Athletic Stadium that has been leased to the Miami-Dade County School Board. (This fund was closed in fiscal year 1998.)

CITY OF PROGRESS CAPITAL IMPROVEMENT — This fund is used to account for expenditures on behalf of storm drainage, landscaping and other miscellaneous capital projects.

MOCA EXPANSION -- This fund is used to account for expenditures for improvements to the Museum of Contemporary Arts (MOCA). The Museum was dedicated February 1996.

POLICE BUILDING — This fund was established to account for expenditures to construct and equip the new police facilities.. In December 1992, the City issued general obligation improvement and refunding bonds of which approximately \$5,000,000 was for the purpose of constructing and equipping a police station facility. The building was dedicated on June 20, 1997. Currently, the fund is being **used to** account for capital improvements.

TRANSPORTATION GAS TAX — This fund is used to account for expenditures for implementing transportation related capital improvements. The local option gas **tax** is a county imposed tax, collected by the State of Florida, and distributed back to counties and municipalities based on the interlocal agreement in effect for that year.

SAFE NEIGHBORHOOD PARKS — This fund is used to account for the receipt and expenditure of funds **from** the County's parks bond issue. This fund generated no activity during **FY98** and is presented on a budgetary basis only.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE D-I

CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET

SEPTEMBER 30, 1998
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

	City of Progress Capital	MOCA Expansion	Police Building	Transportation Gas Tax	<u>Totals</u>	
	<u>Improvement</u>				<u>1998</u>	<u>1997</u>
<u>ASSETS</u>						
Cash and short term investments	\$ 507,998	\$ 63,958	\$ 162,642	\$ 330,608	\$ 1,065,206	\$ 1,455,805
Cash with fiscal agents	-	-	23,607	-	23,607	140,863
Certificates of deposit	1,300,000	-	-	400,000	1,700,000	1,250,000
Receivables:						
Accrued interest and dividends	1,475	-	-	1,100	2,575	567
Intergovernmental	-	-	-	-	-	10,544
Due from other funds	-	-	-	-	-	6,709
Total assets	<u>\$ 1,809,473</u>	<u>\$ 63,958</u>	<u>\$ 186,249</u>	<u>\$ 731,708</u>	<u>\$ 2,791,388</u>	<u>\$ 2,864,488</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ -	\$ 47,250	\$ 15,962	\$ 2,544	\$ 65,756	\$ 84,987
Contracts and retainage payable	-	5,250	144,440	1,080	150,770	144,440
Due to other funds	77,340	-	-	-	77,340	31,656
Due to other governmental units	-	814	-	-	814	-
Deferred revenue	-	10,644	-	-	10,644	-
Total liabilities	<u>77,340</u>	<u>63,958</u>	<u>160,402</u>	<u>3,624</u>	<u>305,324</u>	<u>261,083</u>
Fund balances:						
Reserved for encumbrances	-	-	23,817	3,963	27,780	39,562
Unreserved:						
Designated-subsequent year's expenditures	1,732,133	-	2,030	724,121	2,458,284	2,455,935
Unreserved - undesignated	-	-	-	-	-	107,908
Total fund balances	<u>1,732,133</u>	<u>-</u>	<u>25,847</u>	<u>728,084</u>	<u>2,486,064</u>	<u>2,603,405</u>
Total liabilities and fund balances	<u>\$ 1,809,473</u>	<u>\$ 63,958</u>	<u>\$ 186,249</u>	<u>\$ 731,708</u>	<u>\$ 2,791,388</u>	<u>\$ 2,864,488</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE D-2

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	City of Progress					<u>Totals</u>	
	<u>Athletic Stadium</u>	<u>Capital Improvements</u>	<u>MOCA Expansion</u>	<u>Police Building</u>	<u>Transportation Gas Tax</u>	<u>1998</u>	<u>1997</u>
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 327,088	\$ 327,088	\$ 337,889
Intergovernmental	-	-	53,812	-	-	53,812	10,544
Other (including interest)	<u>-</u>	<u>103,578</u>	<u>-</u>	<u>9,636</u>	<u>36,992</u>	<u>150,206</u>	<u>165,657</u>
	<u>-</u>	<u>103,578</u>	<u>53,812</u>	<u>9,636</u>	<u>364,080</u>	<u>531,106</u>	<u>514,090</u>
Expenditures:							
Capital outlay	<u>-</u>	<u>-</u>	<u>53,812</u>	<u>43,143</u>	<u>245,492</u>	<u>342,447</u>	<u>554,681</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>103,578</u>	<u>-</u>	<u>(33,507)</u>	<u>118,588</u>	<u>188,659</u>	<u>(40,591)</u>
Other financing sources (uses):							
Operating transfers in	-	-	-	19,378	-	19,378	75,327
Operating transfers out	<u>-</u>	<u>(316,372)</u>	<u>-</u>	<u>-</u>	<u>(5,205)</u>	<u>(321,577)</u>	<u>(225,529)</u>
Total other financing sources (uses)	<u>-</u>	<u>(316,372)</u>	<u>-</u>	<u>19,378</u>	<u>(5,205)</u>	<u>(302,199)</u>	<u>(150,202)</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	-	(212,794)	-	(14,129)	113,383	(113,540)	(190,793)
Fund balances, beginning	3,801	1,944,927	-	39,976	614,701	2,603,405	2,794,198
Equity transfer out	<u>(3,801)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,801)</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 1,732,133</u>	<u>\$ -</u>	<u>\$ 25,847</u>	<u>\$ 728,084</u>	<u>\$ 2,486,064</u>	<u>\$ 2,603,405</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE D-3

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	<u>Athletic Stadium</u>			<u>City of Progress Capital Improvement</u>		
			Variance			Variance
			Favorable	(1)		Favorable
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:						
Taxes	\$ -	\$ -	-	\$ -	\$ -	-
Intergovernmental	-	-	-	-	-	-
Other (including interest)	-	-	-	63,845	103,578	39,733
Total revenues	-	-	-	63,845	103,578	39,733
Expenditures:						
Capital outlay	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	63,845	103,578	39,733
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(3,805)	(3,801)	4	(1,194,480)	(316,372)	878,108
Total other financing sources (uses)	(3,805)	(3,801)	4	(1,194,480)	(316,372)	878,108
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$(3,805)</u>	<u>\$ (3,801)</u>	<u>\$ 4</u>	<u>\$ (1,130,635)</u>	<u>\$ (212,794)</u>	<u>\$ 917,841</u>
Appropriated beginning fund balance	<u>\$ 3,805</u>			<u>\$ 1,895,217</u>		

(1) \$764,582 budgeted as reserve for future appropriation.

(Continued)

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE D-3

(Continued)

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	<u>MOCA Expansion</u>			<u>Police Building</u>		
			Variance			Variance
			Favorable			Favorable
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	250,000	53,812	(196,188)	-	-	-
Other (including interest)	-	-	-	750	9,636	8,886
Total revenues	<u>250,000</u>	<u>53,812</u>	<u>(196,188)</u>	<u>750</u>	<u>9,636</u>	<u>8,886</u>
Expenditures:						
Capital Outlay	<u>250,050</u>	<u>163,658</u>	<u>86,392</u>	<u>43,451</u>	<u>51,139</u>	<u>(7,688)</u>
Excess (deficiency) of revenues over expenditures	<u>(50)</u>	<u>(109,846)</u>	<u>(109,796)</u>	<u>(42,701)</u>	<u>(41,503)</u>	<u>1,198</u>
Other financing sources (uses):						
Operating transfers in	-	-	-	-	19,378	19,378
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,378</u>	<u>19,378</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (50)</u>	<u>\$ (109,846)</u>	<u>\$ (109,796)</u>	<u>\$ (42,701)</u>	<u>\$ (22,125)</u>	<u>\$ 20,576</u>
Appropriated beginning fund balance	<u>\$ 50</u>			<u>\$ 42,701</u>		

(Continued)

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE D-3
(Continued)

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

	<u>Transportation Gas Tax</u>			<u>Safe Neighborhood Parks</u>			<u>Totals</u>		
	(2)		Variance			Variance			Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>			<u>(Unfavorable)</u>			<u>(Unfavorable)</u>
Revenues:									
Taxes	\$ 321,010	\$ 327,088	\$ 6,078	\$ -	\$ -	\$ -	\$ 321,010	\$ 327,088	\$ 6,078
Intergovernmental	-	-	-	1,000,000	-	(1,000,000)	1,250,000	53,812	(1,196,188)
Other (including interest)	<u>29,375</u>	<u>36,992</u>	<u>7,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,970</u>	<u>150,206</u>	<u>56,236</u>
Total revenues	<u>350,385</u>	<u>364,080</u>	<u>13,695</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>	<u>1,664,980</u>	<u>531,106</u>	<u>(1,133,874)</u>
Expenditures:									
Capital outlay	<u>551,310</u>	<u>235,198</u>	<u>316,112</u>	<u>1,000,000</u>	<u>443</u>	<u>999,557</u>	<u>1,844,811</u>	<u>450,438</u>	<u>1,394,373</u>
Total expenditures	<u>551,310</u>	<u>235,198</u>	<u>316,112</u>	<u>1,000,000</u>	<u>443</u>	<u>999,557</u>	<u>1,844,811</u>	<u>450,438</u>	<u>1,394,373</u>
Excess (deficiency) of revenues over expenditures	<u>(200,925)</u>	<u>128,882</u>	<u>329,807</u>	<u>-</u>	<u>(443)</u>	<u>(443)</u>	<u>(179,831)</u>	<u>80,668</u>	<u>260,499</u>
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	19,378	19,378
Operating transfers out	<u>(324,400)</u>	<u>(5,205)</u>	<u>319,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,522,685)</u>	<u>(325,378)</u>	<u>1,197,307</u>
Total other financing sources (uses)	<u>(324,400)</u>	<u>(5,205)</u>	<u>319,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,522,685)</u>	<u>(306,000)</u>	<u>1,216,685</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$(525,325)</u>	<u>\$ 123,677</u>	<u>\$ 649,002</u>	<u>\$ -</u>	<u>\$(443)</u>	<u>\$ (443)</u>	<u>\$(1,702,516)</u>	<u>\$ (225,332)</u>	<u>\$ 1,477,184</u>
Appropriated beginning fund balance	<u>\$ 532,762</u>			<u>\$ -</u>					

(2) \$7,437 budgeted as reserve for future appropriation.

PROPRIETARY FUND TYPES

- ENTERPRISE FUNDS
 - INTERNAL SERVICE FUNDS
-

ENTERPRISE FUNDS

ENTERPRISE FUNDS are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

WATER AND SEWER UTILITY — This fund is used to account for the activities of the Water and Sewer Utility.

SOLID WASTE SERVICES — This fund is used to account for the City's sanitation operations.

STORMWATER UTILITY — This fund is used to account for improvements to the City's stormwater systems and to reduce pollution from stormwater runoff.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE E-1

ENTERPRISE FUNDS COMBINING BALANCE SHEET

SEPTEMBER 30, 1998
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

<u>ASSETS</u>	Water and Sewer <u>Utility</u>	Solid Waste <u>Services</u>	Stormwater <u>Utility</u>	<u>Totals</u> <u>1998</u>	<u>1997</u>
Current assets:					
Cash and short-term investments	\$1,993,433	\$ 70,352	\$ 251,375	\$ 2,315,160	\$ 2,594,595
Certificates of deposit	1,300,000	-	1,050,000	2,350,000	1,500,000
Receivables:					
Customer accounts, net	1,662,585	479,116	87,768	2,229,469	2,219,381
Customer unbilled accounts	2,232,427	261,862	27,978	2,522,267	2,363,647
Accrued interest and dividends	3,957	-	1,904	5,861	3,022
Intergovernmental	16,242	54,870	1,300	72,412	63,811
Miscellaneous	244,127	1,611	-	245,738	248,613
Inventory of materials, supplies and parts	<u>122,603</u>	<u>-</u>	<u>-</u>	<u>122,603</u>	<u>107,877</u>
Total current assets	<u>7,575,374</u>	<u>867,811</u>	<u>1,420,325</u>	<u>9,863,510</u>	<u>9,100,946</u>
Non-current assets:					
Net investment in sales • type lease	1,556,659	-	-	1,556,659	1,689,299
Interfund receivable	<u>70,526</u>	<u>-</u>	<u>-</u>	<u>70,526</u>	<u>70,526</u>
Total non-current assets	<u>1,627,185</u>	<u>-</u>	<u>-</u>	<u>1,627,185</u>	<u>1,759,825</u>
Restricted assets:					
Performance bonds and refundable deposits	283,782	-	-	283,782	283,782
Retirement and sinking funds (cash, investments and accrued interest receivable):					
1963 issue • revenue refunding and improvement bond	653,888			653,888	649,627
1964 issue • revenue refunding and improvement bond	1,138,425		-	1,138,425	930,858
1965 issue • revenue refunding and improvement bond	1,730,830		-	1,730,830	1,678,545
Renewal and replacement fund	<u>466,912</u>			<u>466,912</u>	<u>926,133</u>
Total restricted assets	<u>4,273,837</u>		<u>-</u>	<u>4,273,837</u>	<u>4,468,945</u>
Fixed assets:					
Land	521,847	-	-	521,847	521,847
Buildings	2,875,253	-	-	2,875,253	2,864,524
Accumulated depreciation • buildings	(1,430,455)	-	-	(1,430,455)	(1,370,834)
Improvement other than buildings	34,528,049	-	130,521	34,658,570	33,362,420
Accumulated depreciation • improvements	(13,832,578)	-	(4,350)	(13,836,928)	(13,068,468)
Equipment	3,098,016	49,138	41,824	3,188,978	2,990,884
Accumulated depreciation - equipment	<u>(1,362,575)</u>	<u>(40,420)</u>	<u>(14,064)</u>	<u>(1,417,059)</u>	<u>(1,305,855)</u>
Total fixed assets	<u>24,397,557</u>	<u>8,718</u>	<u>153,931</u>	<u>24,560,206</u>	<u>23,994,518</u>
Total assets	<u>\$37,873,953</u>	<u>\$876,529</u>	<u>\$1,574,256</u>	<u>\$40,324,738</u>	<u>\$39,324,234</u>

(Continued)

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE E-1
(Continued)

ENTERPRISE FUNDS COMBINING BALANCE SHEET

SEPTEMBER 30, 1998
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	<u>Totals</u>	
<u>LIABILITIES AND FUND EQUITY</u>				<u>1998</u>	<u>1997</u>
Current liabilities:					
Accounts payable	\$ 959,094	\$ 989	\$ 41,887	\$ 1,001,970	\$ 1,054,721
Accrued liabilities, principally salaries	34,457	30,497	5,014	69,968	51,654
Accrued payroll deductions	29,590	25,629	3,893	59,112	50,715
Customer deposits	1,544,998	-	-	1,544,998	1,483,489
Due to other funds	17,812	359,596	-	377,408	230,512
Due to other governmental units	<u>1,088,208</u>	<u>-</u>	<u>-</u>	<u>1,088,208</u>	<u>1,068,538</u>
Total current liabilities	<u>3,674,159</u>	<u>416,711</u>	<u>50,794</u>	<u>4,141,664</u>	<u>3,939,629</u>
Payable from restricted assets:					
Performance bonds and refundable deposits	283,782			283,782	283,782
Other payables	10,087			10,087	15,145
Debt service:					
Accrued bond interest	44,415	-	-	44,415	47,057
Revenue refunding and improvement bonds:					
1963 issue	335,000	-	-	335,000	325,000
1965 issue	60,000	-	-	60,000	60,000
Matured interest bond payable	<u>19,332</u>	<u>-</u>	<u>-</u>	<u>19,332</u>	<u>22,442</u>
Total payable from restricted assets	<u>752,616</u>	<u>-</u>	<u>-</u>	<u>752,616</u>	<u>753,426</u>
Non-current liabilities:					
Compensated absences	608,216	440,814	28,144	1,077,174	952,043
Interfund payable	142,496	217,221	-	359,717	395,866
Revenue bonds payable	<u>6,167,061</u>	<u>-</u>	<u>-</u>	<u>6,167,061</u>	<u>6,555,919</u>
Total non-current liabilities	<u>6,917,773</u>	<u>658,035</u>	<u>28,144</u>	<u>7,603,952</u>	<u>7,903,828</u>
Total liabilities	<u>11,344,548</u>	<u>1,074,746</u>	<u>78,938</u>	<u>12,498,232</u>	<u>12,596,883</u>
Fund equity:					
Contributed capital	<u>8,959,722</u>	<u>316,237</u>	<u>-</u>	<u>9,275,959</u>	<u>9,192,664</u>
Retained earnings:					
Reserved for retirement and sinking funds:					
1963 revenue refunding and improvement bond	298,738			298,738	302,072
1964 revenue refunding and improvement bond	1,124,950			1,124,950	918,283
1965 revenue refunding and improvement bond	1,640,708			1,640,708	1,584,176
Reserved for renewal and replacement	<u>456,825</u>	<u>-</u>	<u>-</u>	<u>456,825</u>	<u>910,988</u>
Total reserved retained earnings	<u>3,521,221</u>	<u>-</u>	<u>-</u>	<u>3,521,221</u>	<u>3,715,519</u>
Unreserved (deficit)	<u>14,048,462</u>	<u>(514,454)</u>	<u>1,495,318</u>	<u>15,029,326</u>	<u>13,819,168</u>
Total equity (deficiency)	<u>26,529,405</u>	<u>(198,217)</u>	<u>1,495,318</u>	<u>27,826,506</u>	<u>26,727,351</u>
Total liabilities and fund equity	<u>\$37,873,953</u>	<u>\$ 876,529</u>	<u>\$1,574,256</u>	<u>\$40,324,738</u>	<u>\$39,324,234</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE E-2

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	Water and Sewer <u>Utility</u>	Solid Waste <u>Services</u>	Stormwater <u>Utility</u>	<u>Totals</u>	
				<u>1998</u>	<u>1997</u>
Operating revenues:					
Metered water sales	\$ 5,282,903	\$ -	\$ -	\$ 5,282,903	\$ 5,184,467
Sanitary sewer services	1,398,977	-	-	1,398,977	1,398,897
Sewage treatment charges	7,952,865	-	-	7,952,865	7,725,679
Solid waste services	-	4,511,319	-	4,511,319	4,417,853
Stormwater charges	-	-	842,102	842,102	834,549
Other charges for services	<u>233,207</u>	<u>-</u>	<u>-</u>	<u>233,207</u>	<u>171,362</u>
Total operating revenues	<u>14,867,952</u>	<u>4,511,319</u>	<u>842,102</u>	<u>20,221,373</u>	<u>19,732,807</u>
Operating expenses:					
Personal services	2,092,570	1,988,113	286,397	4,367,080	4,602,142
Sewage disposal and water charges	7,627,144	-	-	7,627,144	8,395,945
Solid waste disposal fees	-	1,115,254	-	1,115,254	1,079,121
Materials, supplies, services and other operating expenses	3,553,527	1,428,824	683,458	5,665,809	5,183,986
Depreciation	<u>928,809</u>	<u>2,480</u>	<u>7,996</u>	<u>939,285</u>	<u>928,698</u>
Total operating expenses	<u>14,202,050</u>	<u>4,534,671</u>	<u>977,851</u>	<u>19,714,572</u>	<u>20,189,892</u>
Operating income (loss)	<u>665,902</u>	<u>(23,352)</u>	<u>(135,749)</u>	<u>506,801</u>	<u>(457,085)</u>
Non-operating revenues (expenses):					
Interest	487,143	400	70,568	558,111	572,588
Operating grants	16,242	109,258	1,300	126,800	128,434
Interest and fiscal charges	(278,033)			(278,033)	(293,586)
Bond discount	<u>(6,142)</u>			<u>(6,142)</u>	<u>(6,142)</u>
Miscellaneous	<u>30,191</u>	<u>3,997</u>	<u>155</u>	<u>34,343</u>	<u>90,339</u>
Net non-operating revenues	<u>249,401</u>	<u>113,655</u>	<u>72,023</u>	<u>435,079</u>	<u>491,633</u>
Net income (loss) before operating transfers	<u>915,303</u>	<u>90,303</u>	<u>(63,726)</u>	<u>941,880</u>	<u>34,548</u>
Operating transfers out	<u>(92,121)</u>	<u>(73,440)</u>	<u>(12,928)</u>	<u>(178,489)</u>	<u>-</u>
Net income (loss)	<u>823,182</u>	<u>16,863</u>	<u>(76,654)</u>	<u>763,391</u>	<u>34,548</u>
Add depreciation on contributed capital	<u>252,469</u>		<u>-</u>	<u>252,469</u>	<u>246,071</u>
Increase (decrease) in retained earnings	<u>1,075,651</u>	<u>16,863</u>	<u>(76,654)</u>	<u>1,015,860</u>	<u>280,619</u>
Retained earnings (deficit), beginning	<u>16,494,032</u>	<u>(531,317)</u>	<u>1,571,972</u>	<u>17,534,687</u>	<u>17,445,075</u>
Equity transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(191,007)</u>
Retained earnings (deficit), ending	<u>\$17,569,683</u>	<u>\$(514,454)</u>	<u>\$1,495,318</u>	<u>\$18,550,547</u>	<u>\$17,534,687</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE E-3

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWSFISCAL YEAR ENDED SEPTEMBER 30, 1998
(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	Water and Sewer Utility	Solid Waste Services	Stormwater Utility	Totals
Cash flows from operating activities:				
Operating income (loss)	\$ 665,902	\$ (23,352)	\$ (135,749)	\$ 506,801
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	928,809	2,480	7,996	939,285
Other non-operating services	27,205	3,997	155	31,357
Insurance recoveries	343	-	-	343
(Increase) decrease in operating assets:				
Accounts receivable	(93,169)	(69,581)	(5,958)	(168,708)
Inventory	(14,726)	-	-	(14,726)
Other assets	(19,996)	53	-	(19,943)
Increase (decrease) in operating liabilities:				
Accrued expenses	6,512	(78,484)	40,874	(31,098)
Compensated absences	58,978	66,438	(285)	125,131
Deposits, non-restricted	61,508	-	-	61,508
Due to other funds	-	146,896	-	146,896
Operating transfers to other funds	(92,121)	(73,440)	(12,928)	(178,489)
Due to other governmental units	19,670	-	-	19,670
Interfund payable	(17,812)	(18,337)	-	(36,149)
Payable from restricted assets	(3,109)	-	-	(3,109)
Net adjustments	862,092	(19,978)	29,854	871,968
Net cash provided (used) by operating activities	1,527,994	(43,330)	(105,895)	1,378,769
Cash flows from non-capital financing activities:				
Operating grants received	-	118,199	-	118,199
Cash flows from capital and related financing activities:				
Capital contributions • connection fees	124,049	-	-	124,049
Proceeds from sale of capital assets	4,450	-	-	4,450
Interest paid on revenue bonds	(278,033)	-	-	(278,033)
Payments to acquire, construct, improve capital assets	(1,254,177)	(4,917)	(34,163)	(1,293,257)
Principal paid on revenue bonds	(385,000)	-	-	(385,000)
Net cash used by capital and related financing activities	(1,788,711)	(4,917)	(34,163)	(1,827,791)
Cash flows from investing activities:				
Proceeds from sale and maturities of investments	3,260,655	-	100,000	3,360,655
Purchase of investments	(3,701,629)	-	(800,000)	(4,501,629)
Proceeds from sales • type lease receivable	238,644	-	-	238,644
Interest received	380,157	400	69,221	449,778
Net cash provided (used) by investing activities	177,827	400	(630,779)	(452,552)
Net increase (decrease) in cash and short-term investments	(82,890)	70,352	(770,837)	(783,375)
Cash and short-term investments, beginning (1)	3,229,507	-	1,022,212	4,251,719
Cash and short-term investments, ending (2)	\$3,146,617	\$ 70,352	\$ 251,375	\$3,468,344

(1) Including Water and Sewer restricted cash of \$1,657,124.

(2) Including Water and Sewer restricted cash of \$1,153,184

Non-Cash Transactions:

(a) During 1998, the Water and Sewer Utility received contributed capital assets from developers valued at \$211,716.

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis.

GENERAL RISK MANAGEMENT — This fund is used to account for the cost of insuring the City in the areas of property and casualty liability, public officials' and law enforcement officers' liability and workers' compensation. Departments of the City are assessed a charge based upon the funding needs of the fund.

GROUP HEALTH RISK MANAGEMENT — This fund was established to account for the cost of the City's self-insurance program for employee medical coverage.

Effective January 1, 1998, the City was no longer self-insured for group health. Beginning in fiscal year 2000, remaining funds in the health insurance trust fund will be appropriated for the purpose of providing health insurance premiums for City employees and officers. The appropriation of funds will be amortized over a minimum of five years.

FLEET MANAGEMENT — This fund is used to account for the costs and **funding** of providing motor vehicles and heavy equipment to other departments.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE F-1

INTERNAL SERVICE FUNDS COMBINING BALANCE SHEET

SEPTEMBER 30, 1998
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

	General Risk Management	Group Health Risk Management	Fleet Management	<u>Totals</u>	
<u>ASSETS</u>				<u>1998</u>	<u>1997</u>
Cash and short-term investments	\$ 1,006,114	\$ 772,143	\$ 1,507,040	\$ 3,285,297	\$ 4,851,223
Certificates of deposit	1,600,000	1,850,000	500,000	3,950,000	2,350,000
Receivables:					
Accrued interest and dividends	2,325	2,984	751	6,060	3,850
Intergovernmental	-	-	76,967	76,967	83,992
Miscellaneous	-	-	7,811	7,811	23,166
Due from other funds	36,149	-	-	36,149	36,149
Inventory of materials, supplies and parts	-	-	31,807	31,807	32,463
Interfund receivable	394,612	-	-	394,612	442,475
Advances to other funds	-	31,479	-	31,479	
Fixed assets, net	-	-	3,417,851	3,417,851	3,563,130
Other assets	<u>36,589</u>	<u>36,338</u>	<u>5,360</u>	<u>78,287</u>	<u>107,817</u>
Total assets	<u>\$3,075,789</u>	<u>\$2,692,944</u>	<u>\$5,547,587</u>	<u>\$11,316,320</u>	<u>\$11,494,265</u>

LIABILITIES AND EQUITY

Liabilities:					
Accounts payable	\$ 20,150	\$ 166	\$ 30,379	\$ 50,695	\$ 123,940
Accrued liabilities, principally salaries	1,340	-	12,231	13,571	11,696
Compensated absences	19,424		168,620	188,044	170,146
Estimated claims payable	2,594,000	90,000	-	2,684,000	3,588,222
Accrued payroll deductions	<u>1,942</u>		<u>10,101</u>	<u>12,043</u>	<u>9,359</u>
Total liabilities	<u>2,636,856</u>	<u>90,166</u>	<u>221,331</u>	<u>2,948,353</u>	<u>3,903,363</u>

Equity:					
Contributed capital	<u>-</u>	<u>-</u>	<u>4,089,497</u>	<u>4,089,497</u>	<u>4,023,909</u>
Retained Earnings:					
Reserved for claim payments	438,933	76,000	-	514,933	2,125,283
Reserved for vehicle replacements	<u>-</u>	<u>-</u>	<u>1,236,759</u>	<u>1,236,759</u>	<u>1,081,678</u>
Total reserved	<u>438,933</u>	<u>76,000</u>	<u>1,236,759</u>	<u>1,751,692</u>	<u>3,206,961</u>
Unreserved	<u>-</u>	<u>2,526,778</u>	<u>-</u>	<u>2,526,778</u>	<u>360,032</u>
Total equity	<u>438,933</u>	<u>2,602,778</u>	<u>5,326,256</u>	<u>8,367,967</u>	<u>7,590,902</u>
Total liabilities and equity	<u>\$3,075,789</u>	<u>\$2,692,944</u>	<u>\$5,547,587</u>	<u>\$11,316,320</u>	<u>\$11,494,265</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE F-2

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	General Risk Management	Group Health Risk Management	Fleet Management	<u>Totals</u> <u>1998</u>	<u>1997</u>
Operating revenues:					
Motor vehicle charges	\$ -	\$ -	\$ 2,475,600	\$ 2,475,600	\$ 2,301,072
Charges for services	1,090,587	319,347	13,647	1,423,581	2,681,817
Contributions from employees/others	-	174,105	-	174,105	679,582
Total operating revenues	<u>1,090,587</u>	<u>493,452</u>	<u>2,489,247</u>	<u>4,073,286</u>	<u>5,662,471</u>
Operating expenses:					
Personal services	116,313	10,959	759,130	886,402	951,650
Claim payments	157,647	408,928	-	566,575	2,377,384
Materials, supplies, services and other operating expenses	520,062	104,518	777,891	1,402,471	1,741,992
Depreciation	-	-	913,932	913,932	919,606
Total operating expenses	<u>794,022</u>	<u>524,405</u>	<u>2,450,953</u>	<u>3,769,380</u>	<u>5,990,632</u>
Operating income (loss)	<u>296,565</u>	<u>(30,953)</u>	<u>38,294</u>	<u>303,906</u>	<u>(328,161)</u>
Non-operating revenues:					
Interest income	143,081	148,416	99,751	391,248	334,192
Operating grants	-	-	3,255	3,255	-
Miscellaneous	5,717	-	44,714	50,431	340,404
Total non-operating revenues	<u>148,798</u>	<u>148,416</u>	<u>147,720</u>	<u>444,934</u>	<u>674,596</u>
Net income before operating transfers	445,363	117,463	186,014	748,840	346,435
Operating transfers out	<u>(6,430)</u>	<u>-</u>	<u>(30,933)</u>	<u>(37,363)</u>	<u>-</u>
Net income	438,933	117,463	155,081	711,477	346,435
Retained earnings, beginning	-	2,485,315	1,081,678	3,566,993	3,220,558
Retained earnings, ending	<u>\$ 438,933</u>	<u>\$ 2,602,778</u>	<u>\$ 1,236,759</u>	<u>\$ 4,278,470</u>	<u>\$ 3,566,993</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE F-3

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FISCAL YEAR ENDED SEPTEMBER 30, 1998

	General Risk Management	Group Health Risk Management	Fleet Management	Totals
Cash flows from operating activities:				
Operating income (loss)	\$ 296,565	\$ (30,953)	\$ 38,294	\$ 303,906
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	913,932	913,932
Insurance recoveries	5,717	-	17,354	23,071
Other non-operating services	-	-	490	490
Gas tax refunds	-	-	37,151	37,151
(Increase) decrease in operating assets:				
Due from other funds	-	(31,479)	-	(31,479)
Interfund receivable	47,863	-	-	47,863
Inventory	-	-	656	656
Other assets	4,942	33,126	6,817	44,885
Increase (decrease) in operating liabilities:				
Accrued expenses	(8,671)	(92,810)	33,059	(68,422)
Estimated claims payable	(729,222)	(175,000)	-	(904,222)
Compensated absences	(7,933)	-	25,831	17,898
Deferred revenue	-	(264)	-	(264)
Operating transfer to other funds	(6,430)	-	(30,933)	(37,363)
Due to other funds	-	-	-	-
Net adjustments	<u>(693,734)</u>	<u>(266,427)</u>	<u>1,004,357</u>	<u>44,196</u>
Net cash provided (used) by operating activities	<u>(397,169)</u>	<u>(297,380)</u>	<u>1,042,651</u>	<u>348,102</u>
Cash flows from capital and related financing activities:				
Payments to acquire, construct, improve capital assets	-	-	(703,065)	(703,065)
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(703,065)</u>	<u>(703,065)</u>
Cash flows from investing activities:				
Proceeds from sale and maturities of investments	200,000	200,000	-	400,000
Purchase of investments	(1,100,000)	(800,000)	(100,000)	(2,000,000)
Interest received	<u>141,862</u>	<u>147,529</u>	<u>99,646</u>	<u>389,037</u>
Net cash used by investing activities	<u>(758,138)</u>	<u>(452,471)</u>	<u>(354)</u>	<u>(1,210,963)</u>
Net increase (decrease) in cash and short-term investments	(1,155,307)	(749,851)	339,232	(1,565,926)
Cash and short-term investments, beginning	<u>2,161,421</u>	<u>1,521,994</u>	<u>1,167,808</u>	<u>4,851,223</u>
Cash and short-term investments, ending	<u>\$ 1,006,114</u>	<u>\$ 772,143</u>	<u>\$ 1,507,040</u>	<u>\$ 3,285,297</u>

FIDUCIARY FUND TYPE

- EXPENDABLE TRUST FUNDS
- PENSION TRUST FUNDS

TRUST FUNDS

TRUST FUNDS are used to account for assets held by the City in a trustee capacity.

EXPENDABLE TRUST FUNDS

LAW ENFORCEMENT — This fund is used to account for confiscated monies awarded to the City under State Statutes to be used for law enforcement related expenditures.

FEDERAL FORFEITURE — This fund is used to account for confiscated monies that involve the City's Police department and federal agencies.

LAW ENFORCEMENT BLOCK GRANT — This fund is used to account for the City's entitlement under the local law enforcement block grant program.

PENSION TRUST FUNDS

THE CTS AND 748 PENSION PLANS — These funds are used to account for the accumulation of resources to be used for retirement benefits to City employees. Resources are contributed by employees (at rates fixed by law) and by the City (at amounts determined by actuarial valuations).

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE G-1

TRUST FUNDS
COMBINING BALANCE SHEETSEPTEMBER 30, 1998
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

	<u>Expendable Trust Funds</u>				<u>Totals</u>	
	Law				<u>1998</u>	<u>1997</u>
	<u>Law</u>	<u>Federal</u>	<u>Enforcement</u>	<u>Pension</u>		
	<u>Enforcement</u>	<u>Forfeiture</u>	<u>Block Grant</u>	<u>Trust</u>		
<u>ASSETS</u>						
Cash and short-term investments	\$ 182,866	\$ 57,490	\$ 324,949	\$ 2,066,362	\$ 2,631,667	\$ 6,160,821
Certificates of deposit	500,000	-	-	-	500,000	-
Pension investments	-	-	-	70,644,326	70,644,326	73,720,976
Receivables:						
Accrued interest and dividends	2,421	-	-	462,701	465,122	466,265
Intergovernmental	-	-	-	42,764	42,764	44,366
Pension contributions	-	-	-	11,989	11,989	530,416
Receivable on investments sold	-	-	-	364,547	364,547	107,313
Miscellaneous	1,000	-	-	-	1,000	204
Due from other funds	-	-	-	45,657	45,657	-
Other assets	1,279	-	-	-	1,279	225
Total assets	<u>\$ 687,566</u>	<u>\$ 57,490</u>	<u>\$ 324,949</u>	<u>\$ 73,638,346</u>	<u>\$ 74,708,351</u>	<u>\$ 81,030,586</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 7,995	\$ 872	\$ 8,523	\$ 66,690	\$ 84,080	\$ 126,773
Benefits payable	-	-	-	128,365	128,365	1,397,206
Payable on investments purchased	-	-	-	-	-	2,119,392
Due to other funds	-	-	-	46,896	46,896	1,229
Deferred revenue	-	-	316,426	-	316,426	160,731
Total liabilities	<u>7,995</u>	<u>872</u>	<u>324,949</u>	<u>241,951</u>	<u>575,767</u>	<u>3,805,331</u>
Fund balances:						
Reserved for employees pension benefits	-	-	-	73,396,395	73,396,395	76,765,730
Unreserved:						
Designated-subsequent year's expenditures	679,571	56,618	-	-	736,189	297,171
Undesignated	-	-	-	-	-	162,354
Total fund balances	<u>679,571</u>	<u>56,618</u>	<u>-</u>	<u>73,396,395</u>	<u>74,132,584</u>	<u>77,225,255</u>
Total liabilities and fund balances	<u>\$ 687,566</u>	<u>\$ 57,490</u>	<u>\$ 324,949</u>	<u>\$ 73,638,346</u>	<u>\$ 74,708,351</u>	<u>\$ 81,030,586</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE G-2

PENSION TRUST FUNDS
 COMBINING STATEMENT OF PLAN NET ASSETS
 SEPTEMBER 30, 1998
 (WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

	CTS <u>Plan</u>	748 <u>Plan</u>	<u>Totals</u> 1998	1997
<u>ASSETS</u>				
Cash and short-term investments	\$ 1,736,599	\$ 329,763	\$ 2,066,362	\$ 5,491,668
Pension investments	52,909,329	17,734,997	70,644,326	73,720,976
Receivables:				
Accrued interest and dividends	349,418	113,283	462,701	466,265
Intergovernmental	42,764	-	42,764	44,366
Pension contributions	10,429	1,560	11,989	530,416
Receivable on investments sold	364,547	-	364,547	107,313
Due from other funds	-	45,657	45,657	-
Other assets		-	-	225
A38Total assets	<u>55,413,086</u>	<u>18,225,260</u>	<u>73,638,346</u>	<u>80,361,229</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Accounts payable	63,290	3,400	66,690	77,672
Benefits payable	69,353	59,012	128,365	1,397,206
Payable on investments purchased	-	-	-	2,119,392
Due to other funds	<u>46,896</u>	<u>-</u>	<u>46,896</u>	<u>1,229</u>
Total liabilities	<u>179,539</u>	<u>62,412</u>	<u>241,951</u>	<u>3,595,499</u>
Net Assets Held in Trust for Pension Benefits	<u>\$55,233,547</u>	<u>\$18,162,848</u>	<u>\$73,396,395</u>	<u>\$76,765,730</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE G-3

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETSFISCAL YEAR ENDED SEPTEMBER 30, 1998
(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	CTS <u>Plan</u>	748 <u>Plan</u>	<u>Totals</u> <u>1998</u>	<u>1997</u>
ADDITIONS				
Contributions:				
Employer	\$ 786,027	\$ 424,916	\$ 1,210,943	\$13,678,505
Employee	<u>1,005,471</u>	<u>133,909</u>	<u>1,139,380</u>	<u>1,200,144</u>
	<u>1,791,498</u>	<u>558,825</u>	<u>2,350,323</u>	<u>14,878,649</u>
Investment Income:				
Net appreciation (depreciation) in fair value of investments	\$(1,299,653)	\$ 590,132	\$ (709,521)	\$14,287,280
Interest	1,415,152	369,071	1,784,223	1,445,912
Dividends	<u>322,468</u>	<u>86,157</u>	<u>408,625</u>	<u>419,611</u>
	437,967	1,045,360	1,483,327	16,152,803
Less investment expenses	<u>337,484</u>	<u>96,490</u>	<u>433,974</u>	<u>360,897</u>
Net investment income	<u>100,483</u>	<u>948,870</u>	<u>1,049,353</u>	<u>15,791,906</u>
Total additions	<u>1,891,981</u>	<u>1,507,695</u>	<u>3,399,676</u>	<u>30,670,555</u>
DEDUCTIONS				
Benefits paid directly to participants:				
Normal retirement	2,053,531	-	2,053,531	2,110,778
Disability retirement	52,437	57,619	110,056	79,130
Death benefit	-	46,618	46,618	46,618
Lump sum retirement	3,398,375	898,645	4,297,020	4,421,809
Refunds of accumulated contributions	<u>133,376</u>	<u>25,286</u>	<u>158,662</u>	<u>100,495</u>
	<u>5,637,719</u>	<u>1,028,168</u>	<u>6,665,887</u>	<u>6,758,830</u>
Administrative expenses:				
Administrative expenses	110,910	34,978	145,888	128,139
Miami-Dade County expense reimbursement	<u>(42,764)</u>	<u>-</u>	<u>(42,764)</u>	<u>(44,366)</u>
	<u>68,146</u>	<u>34,978</u>	<u>103,124</u>	<u>83,773</u>
Total deductions	<u>5,705,865</u>	<u>1,063,146</u>	<u>6,769,011</u>	<u>6,842,603</u>
Net increase (decrease) before transfers	(3,813,884)	444,549	(3,369,335)	23,827,952
Transfer in/out	<u>(45,657)</u>	<u>45,657</u>	<u>-</u>	<u>-</u>
Net increase (decrease)	(3,859,541)	490,206	(3,369,335)	23,827,952
Net assets held in trust for pension benefits:				
Beginning	<u>59,093,088</u>	<u>17,672,642</u>	<u>76,765,730</u>	<u>52,937,778</u>
Ending	<u>\$55,233,547</u>	<u>\$18,162,848</u>	<u>\$73,396,395</u>	<u>\$76,765,730</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE G-4

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

	Law Enforcement	Federal Forfeiture	Law Enforcement Block Grant	<u>Totals</u> 1998	<u>Totals</u> 1997
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 86,036	\$ 86,036	\$ 61,507
Fines and forfeitures	738,943	-	-	738,943	631,717
Other (including interest)	<u>34,734</u>	<u>15,693</u>	<u>9,783</u>	<u>60,210</u>	<u>27,086</u>
Total revenues	<u>773,677</u>	<u>15,693</u>	<u>95,819</u>	<u>885,189</u>	<u>720,310</u>
Expenditures:					
Current:					
Public safety	145,251	8,785	79,742	233,778	217,750
Capital outlay	<u>52,693</u>	<u>1,459</u>	<u>42,936</u>	<u>97,088</u>	<u>253,883</u>
Total expenditures	<u>197,944</u>	<u>10,244</u>	<u>122,678</u>	<u>330,866</u>	<u>471,633</u>
Excess (deficiency) of revenues over expenditure	<u>575,733</u>	<u>5,449</u>	<u>(26,859)</u>	<u>554,323</u>	<u>248,677</u>
Other financing sources (uses):					
Operating transfers in		-	26,859	26,859	
Operating transfers out	<u>(304,518)</u>	<u>-</u>	<u>-</u>	<u>(304,518)</u>	<u>(41,582)</u>
Total other financing sources (uses)	<u>(304,518)</u>		<u>26,859</u>	<u>(277,659)</u>	<u>(41,582)</u>
Excess of revenues and other sources over expenditures and other uses	271,215	5,449	-	276,664	207,095
Fund balances, beginning	<u>408,356</u>	<u>51,169</u>	<u>-</u>	<u>459,525</u>	<u>252,430</u>
Fund balances, ending	<u>\$ 679,571</u>	<u>\$56,618</u>	<u>\$ -</u>	<u>\$736,189</u>	<u>\$459,525</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE H-1

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

SEPTEMBER 30, 1998

(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1997)

	<u>1998</u>	<u>1997</u>
General fixed assets:		
Land	\$22,935,844	\$22,405,224
Buildings	18,961,404	18,787,015
Improvements other than buildings	13,652,847	13,107,958
Machinery and equipment	4,128,949	3,872,981
Library books	1,412,406	1,328,867
Construction in progress	<u>199,296</u>	<u>48,728</u>
Total general fixed assets	<u>\$61,290,746</u>	<u>\$59,550,773</u>
Investment in general fixed assets by source:		
General fund	\$37,647,470	\$37,009,699
Special revenue funds	8,741,555	8,045,697
Capital projects funds	13,476,638	13,134,595
Donations and other	<u>1,425,083</u>	<u>1,360,782</u>
Total investment in general fixed assets	<u>\$61,290,746</u>	<u>\$59,550,773</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE H-2

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

SEPTEMBER 30, 1998

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	Improvements Other Than <u>Buildings</u>	Machinery and <u>Equipment</u>	Library <u>Books</u>	Construction <u>in Progress</u>	<u>Total</u>
General government:							
Mayor and council	\$ -	\$ -	\$ -	\$ 14,426	\$ -	\$ -	\$ 14,426
City manager	-	-	-	43,749	-	-	43,749
City clerk	-	1,611	-	31,602	-	-	33,213
Finance	-	-	-	122,797	-	-	122,797
Legal	-	-	-	26,918	82,513	-	109,431
Personnel	-	-	-	28,035	-	-	28,035
Administration management	-	-	-	67,102	-	-	67,102
Computer information processing	-	-	-	523,197	-	-	523,197
Other	<u>728,678</u>	<u>398,241</u>	-	<u>324,438</u>	-	-	<u>1,451,357</u>
Total general government	728,678	399,852	-	1,182,264	82,513	-	2,393,307
Public works	7,969,638	5,697,497	10,019,919	324,777	-	-	24,011,831
Public safety - police	2,257,412	5,790,745	15,495	1,117,206	-	-	9,180,858
Library	13,137	1,349,290	13,043	200,549	1,329,893	-	2,905,912
Culture/recreation	11,966,979	5,692,857	3,479,675	1,178,169	-	-	22,317,680
Community planning and development	-	31,163	124,715	125,984	-	-	281,862
Construction in progress	-	-	-	-	-	199,296	199,296
Total general fixed assets	<u>\$22,935,844</u>	<u>\$18,961,404</u>	<u>\$13,652,847</u>	<u>\$4,128,949</u>	<u>\$1,412,406</u>	<u>\$ 199,296</u>	<u>\$61,290,746</u>

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE H-3

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

FISCAL YEAR ENDED SEPTEMBER 30, 1998

<u>Function and Activity</u>	Balance				Balance
	September 30, <u>1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	September 30, <u>1998</u>
General government:					
Mayor and council	\$ 12,832	\$ 1,594	\$ -	\$ -	\$ 14,426
City manager	13,304	30,445	-	-	43,749
City clerk	31,618	1,595	-	-	33,213
Finance	118,237	4,560	-	-	122,797
Legal	106,217	3,214	-	-	109,431
Personnel	28,035	-	-	-	28,035
Administration management	65,303	1,799	-	-	67,102
Computer information processing	499,925	23,272	-	-	523,197
Other	<u>1,451,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,451,357</u>
Total general government	<u>2,326,828</u>	<u>66,479</u>	<u>-</u>	<u>-</u>	<u>2,393,307</u>
Public works	23,095,300	916,531	-	-	24,011,831
Public safety - police	9,054,709	126,149	-	-	9,180,858
Library	2,811,316	132,547	(37,951)	-	2,905,912
Culture/recreation	21,941,731	375,949	-	-	22,317,680
Community planning and development	272,161	9,701	-	-	281,862
Construction in progress	<u>48,728</u>	<u>150,568</u>	<u>-</u>	<u>-</u>	<u>199,296</u>
Total general fixed assets	<u>\$59,550,773</u>	<u>\$1,777,924</u>	<u>\$(37,951)</u>	<u>\$ -</u>	<u>\$61,290,746</u>

PART III - STATISTICAL SECTION

CITY OF NORTH MIAMI, FLORIDA

TABLE 1

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

Fiscal <u>Year</u>	(2) General <u>Government</u>	Public	(3) <u>Sanitation</u>	Capital <u>Outlay</u>	Public	(4) Culture / <u>Recreation</u>	(5) Building & <u>Zoning</u>	(6) Debt <u>Service</u>	(5) Planning and Economic <u>Development</u>	(7) Grants / <u>Aids</u>	Physical <u>Environment</u>	Economic <u>Environment</u>	Totals
		<u>Works</u>			<u>Safety</u>								
1989	\$ 6,389,722	\$ 1,550,592	\$ 2,487,465	\$ 594,475	\$ 5,308,977	\$ 2,795,827	\$ 720,499	\$ 1,373,691	\$ -	\$ -	\$ -	\$ -	\$ 21,221,248
1990	7,211,211	1,722,607	2,521,923	474,387	5,501,346	3,015,175	659,897	1,296,079	-	-	-	-	22,402,625
1991	7,182,139	1,548,232	2,696,776	496,577	5,784,533	3,013,968	705,549	1,294,493	331,462	-	-	-	23,053,729
1992	7,216,382	1,649,461	10,475	706,519	6,066,981	3,343,222	725,856	1,299,536	371,716	-	-	-	21,390,148
1993	8,828,333	1,736,849	-	1,340,497	6,460,343	3,451,814	805,772	1,194,577	377,719	-	-	-	24,195,904
1994	8,235,533	1,647,352	-	2,472,853	7,057,314	4,029,078	869,225	1,628,079	351,524	227,397	-	-	26,518,355
1995	7,557,713	1,576,465	-	3,464,343	7,641,267	4,234,390	928,562	1,411,734	574,165	272,366	-	-	27,661,005
1996	8,295,286	1,617,909	-	3,277,848	8,239,323	4,381,939	1,010,421	1,416,282	649,092	344,233	202,906	4,675	29,439,914
1997	8,471,369	1,541,852	-	1,197,982	8,581,670	4,614,223	972,757	13,972,752	595,809	504,086	193,754	5,425	40,651,679
1998	7,237,875	1,477,987	-	1,417,132	8,814,805	4,866,029	961,103	3,047,734	592,470	950,376	469,386	4,209	29,839,106

(1) Includes general fund, special revenue funds and debt service funds; excludes capital projects funds.

(2) Prior to 1995, library services were included in general government. In 1998, general government included on behalf payments of \$147,586.

(3) Effective October 1, 1991, the sanitation services were transferred to a separate Enterprise Fund.

(4) Effective October 1, 1994, library services are included as Culture / Recreation. In fiscal year 1994, museum operations are no longer shown as Cultural / Recreation but are reflected as transfers to the component unit.

(5) In fiscal year 1997, these were combined under one budgetary level of control entitled Community Planning and Development in the General Fund. Prior to 1991, planning and economic development amounts were included under public works.

(6) In fiscal year 1997, this includes \$11,412,917 in bond proceeds that were contributed to the City's two defined benefit pension plans for the discharge of the unfunded actuarial accrued liabilities.

(7) Prior to 1994, grants and aids amounts were included under culture / recreation, and engineering, planning & economic development.

CITY OF NORTH MIAMI, FLORIDA

TABLE 2

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(2) Taxes</u>	<u>Licenses and Permits</u>	<u>(3) Inter- Governmental</u>	<u>(4) Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Other</u>	<u>Totals</u>
1989	\$13,097,787	\$658,605	\$ 3,423,423	\$ 3,924,200	\$152,342	\$ 451,579	\$21,707,936
1990	13,285,477	691,302	3,527,503	4,214,741	130,321	844,783	22,694,127
1991	13,480,314	609,374	3,389,625	4,957,373	141,109	885,415	23,463,210
1992	13,512,569	660,662	4,110,229	2,222,015	109,725	426,579	21,041,779
1993	14,494,072	876,351	5,278,217	2,329,807	109,802	2,080,304 (5)	25,168,553
1994	14,955,844	909,227	4,790,507	3,007,166	178,240	3,453,291 (6)	27,294,275
1995	15,388,002	837,461	6,060,920	3,300,485	257,986	1,831,190 (7)	27,676,044
1996	16,373,730	854,497	5,737,134	3,478,334	294,877	798,802	27,537,374
1997	16,517,265	854,755	5,905,897	3,670,658	273,701	1,153,627	28,375,903
1998	17,053,937	837,967	6,878,804	3,757,804	270,701	1,255,703	30,054,916

Note: Several reclasses were made to prior years (1989-1991) for a better presentation of revenue source.

(1) Includes general fund, special revenue funds and debt service funds; excludes capital projects funds.

(2) Includes property taxes, sales and use taxes, franchise fees and utility service taxes.

(3) Includes grants and intergovernmental shared revenues.

(4) Primarily includes revenues **from** quasi-external transactions with other funds (i.e., payments in lieu of taxes from enterprise funds).

(5) Includes approximately \$1,627,000 in proceeds from the sale of land.

(6) Includes approximately \$2,111,000 in proceeds from the sale of land and \$900,000 in proceeds from litigation settlement.

(7) Includes approximately \$271,000 in proceeds from the sale of land.

CITY OF NORTH MIAMI, FLORIDA

TABLE 3

PROPERTY TAX LEVIES AND COLLECTIONS (1)

LAST TEN FISCAL YEARS

Fiscal Year	Total Tax <u>Levy (2)</u>	Current Tax <u>Collected</u>	Percent of Current Taxes <u>Collected</u>	Delinquent Tax <u>Collections</u>	Total Tax <u>Collections</u>	Ratio of Total Tax Collections to Total Tax Levy
1989	\$7,662,560	\$7,438,201	97.07 %	\$ 854	\$7,439,055	97.08 %
1990	7,950,015	7,604,239	95.65	43,349	7,647,588	96.20
1991	8,170,197	7,721,556	94.51	44,440	7,765,996	95.05
1992	8,365,850	7,810,266	93.36	172,650	7,982,916	95.42
1993	8,910,406	8,276,046	92.88	397,834	8,673,880	97.35
1994	9,597,118	8,915,156	92.89	73,525	8,988,681	93.66
1995	9,834,226	9,305,258	94.62	94,003	9,399,261	95.58
1996	10,715,956	10,109,944	94.34	136,892	10,246,836	95.62
1997	10,823,741	10,182,625	94.08	59,042	10,241,667	94.62
1998	11,024,259	10,461,639	94.90	170,122	10,631,761	96.44

Source: Miami-Dade County Property Appraiser and Internally Generated Data

(1) Includes levies and collections for personal and real properties

(2) Includes levies for general operations, library and debt service.

CITY OF NORTH MIAMI, FLORIDA

TABLE 4

ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)

LAST TEN FISCAL YEARS

Fiscal <u>Year</u>	Real <u>Property</u>	Personal <u>Property</u>	Centrally Assessed <u>Property</u>	Taxable Gross <u>Total</u>	Real Estate <u>Adjustments</u>	Net Assessed Property <u>Value</u>
1989	\$ 929,987,616	\$85,239,752	\$527,673	\$1,015,755,041	\$5,940,812	\$ 1,009,814,229
1990	952,360,644	93,012,043	527,673	1,045,900,360	6,414,230	1,039,486,130
1991	990,479,055	93,623,486	642,784	1,084,745,325	10,492,589	1,074,252,736
1992	998,795,892	91,992,326	642,784	1,091,431,002	2,155,553	1,089,275,449
1993	985,383,110	93,995,856	642,784	1,080,021,750	4,531,721	1,075,490,029
1994	969,708,296	117,954,465	445,913	1,088,108,674	2,934,707	1,085,173,967
1995	1,020,380,892	94,007,945	602,751	1,114,991,588	12,014,698	1,102,976,890
1996	1,064,895,883	99,896,576	618,789	1,165,411,248	7,537,158	1,157,874,090
1997	1,071,041,444	111,019,957	602,562	1,182,663,963	9,204,014	1,173,459,949
1998	1,097,530,218	111,324,898	608,223	1,209,463,339	9,336,728	1,200,126,611

Source: Miami-Dade County Property Appraiser

(1) The basis of assessed value is approximately **100%** of actual value. For each fiscal year ending September **30**, property is valued as of January 1st of the preceding year.

CITY OF NORTH MIAMI, FLORIDA

TABLE 5

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

(PER \$1,000 OF ASSESSED VALUATION)

LAST TEN FISCAL YEARS

Fiscal <u>Year</u>	<u>City of North Miami</u>			<u>Miami-Dade County</u>			School <u>District</u>	<u>State</u>	Total <u>Millage</u>
	<u>Operating Millage(1)</u>	<u>Debt Service Millage</u>	<u>Total</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total</u>			
1989	6.542	0.987	7.529	9.600	1.294	10.894	7.690	0.580	26.693
1990	6.691	0.962	7.653	10.178	1.210	11.388	8.550	0.550	28.141
1991	6.691	0.928	7.619	10.399	1.150	11.549	9.000	0.600	28.768
1992	6.865	0.927	7.792	10.399	1.150	11.549	9.104	0.600	29.045
1993	7.302	0.949	8.251	10.399	1.139	11.538	9.528	0.599	29.916
1994	7.302	1.518	8.820	10.399	0.830	11.229	9.923	0.648	30.620
1995	7.512	1.308	8.820	9.757	0.826	10.583	10.345	0.546	30.294
1996	7.962	1.233	9.195	9.446	0.829	10.275	10.389	0.587	30.446
1997	7.935	1.217	9.152	9.156	0.832	9.988	10.366	0.710	30.216
1998	7.931	1.184	9.115	8.673	1.004	9.677	10.462	0.747	30.001

Source: Miami-Dade County Property Appraiser

(1) Includes general operations and library.

CITY OF NORTH MIAMI FLORIDA

TABLE 6

PRINCIPAL TAXPAYERS

SEPTEMBER 30, 1998

<u>Taxpayer</u>	<u>Type of Business</u>	Total Assessed <u>Valuation</u>	Percentage of Assessed <u>Valuation</u>
Florida Power & Light Company	Utility	\$ 21,981,444	1.87%
Bell South Company	Utility	17,394,078	1.48
Court Apartments, L.P.	Real Estate Rentals	17,250,000	1.47
Center Court Associates LTD	Rental Apartments	15,500,000	1.32
Tropicana Investors Inc.	Telecommunications	11,915,230	1.02
Greenwich Village Associates, Ltd.	Rental Apartments	9,493,930	0.81
TCG South Florida	Telecommunications	7,203,858	0.61
127th Street Shopping Center, Inc.	Shopping Mall	7,000,000	0.60
North Miami Business Park	Offices	6,500,000	0.55
Drew Investments	Real Estate Invest. Trust	<u>6,276,280</u>	<u>0.53</u>
Totals		<u>\$ 120,514,820</u>	<u>10.27%</u>

Source: Miami-Dade County Property Appraiser

CITY OF NORTH MIAMI, FLORIDA

TABLE 7

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	(1) Population*	(2) Assessed Value*	(3) Gross Bonded Debt*	(4) Less Debt Service Fund*	Net Bonded Debt*	Ratio of Net Debt to Assessed Value	Net Bonded Debt Per Capita
1989	42	\$1,009,814	\$7,375	31	\$7,344	0.73	\$ 175
1990	50	1,039,486	6,905	32	\$873	0.66	137
1991	50	1,074,253	6,405	18	\$387	0.59	128
1992	50	1,089,275	5,870	3	5,867	0.54	117
1993	50	1,075,490	10,470	-	10,470	0.97	209
1994	50	1,085,174	9,420	-	9,620	0.89	192
1995	51	1,102,977	8,745	10	8,735	0.80	171
1996	51	1,157,874	7,830	17	7,813	0.67	153
1997	50	1,173,460	6,875	11	\$864	0.58	137
1998	50	1,200,127	5,875	21	5,854	0.49	117

* Amounts expressed in thousands

Source City of North Miami Finance Department

(1) From Table 11

(2) From Table 4

(3) Amount does not include special obligation bonds payable. All general obligation bonded debt is expected to be repaid through general governmental resources.

(4) Amount available for repayment of general obligation bonds

NOTE: During 1993, \$5,870,000 in outstanding debt was defeased and \$11,220,000 in new debt was issued.

CITY OF NORTH MIAMI, FLORIDA

TABLE 8

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT (1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN FISCAL YEARS

Fiscal	<u>Principal</u>	<u>Interest</u> <u>(2)</u>	<u>Total</u> <u>Debt</u> <u>Service</u>	<u>Total</u> <u>General</u> <u>Governmental</u> <u>Expenditure</u> <u>(3)</u>	<u>Ratio of</u> <u>Debt Service</u> <u>to General</u> <u>Governmental</u> <u>Expenditures</u>
1989	\$ 785	\$ 589	\$1,374	\$ 21,221	6.5%
1990	750	546	1,296	22,403	5.8
1991	790	504	1,294	23,054	5.6
1992	840	460	1,300	21,390	6.1
1993	1,065	130	1,195	24,196	4.9
1994	900	728	1,628	26,518	6.1
1995	925	487	1,412	27,661	5.1
1996	930	486 (4)	1,416	29,440	4.8
1997	1,832	728 (5)	2,560	40,652	6.3
1998	1,843	1,205	3,048	29,839	10.2

(1) Includes debt service for general obligation and special obligation bonds

(2) Includes bond issuance and other costs

(3) From Table 1

(4) Includes bond issuance costs of approximately **\$33,000** disclosed in the special revenue funds

CITY OF NORTH MIAMI, FLORIDA

TABLE 9

SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT

GENERAL OBLIGATION BONDS (1)

SEPTEMBER 30, 1998

<u>Jurisdiction</u>	<u>Taxable Property Value</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To North Miami</u>	<u>Amount Applicable To North Miami</u>
City of North Miami (1)	\$ 1,585,051	\$ 5,854	100.00%	\$ 5,854
Miami-Dade County (2)	110,848,664	345,420	1.43	4,939
Miami-Dade County Schools (3)	105,706,440	<u>996,797</u>	1.50	<u>14,952</u>
		<u>\$ 1,348,071</u>		<u>\$ 25,745</u>

(1) Excludes the City of North Miami's special obligation bonds which are not payable from property taxes (see Table 7).

(2) Source: Miami-Dade County Finance Department • Taxable Property Value reflects January 1, 1998 amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 1998.

(3) Source: School Board of Miami-Dade County Division of Accounting • Taxable Property Value reflects September 30, 1997 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 1998.

(4) Based on the percentage of the County's/School Board's tax roll valuation comprised of real and personal property situated in the City of North Miami.

CITY OF NORTH MIAMI, FLORIDA

TABLE 10

SCHEDULE OF REVENUE BOND COVERAGE

WATER & SEWER ENTERPRISE FUND

LAST TEN FISCAL YEARS

Fiscal <u>Year</u>	Operating <u>Revenue (1)</u>	Operating <u>Expenses (2)</u>	Net Revenue Available For <u>Debt Service</u>	<u>Debt Service Requirements</u>		<u>Total</u>	<u>Coverage</u>
				<u>Principal</u>	<u>Interest (3)</u>		
1989	\$9,882 (4)	\$6,952	\$ 2,930	\$ 415	\$ 426	\$841	3.48
1990	9,031	7,207	1,824	430	410	840	2.17
1991	9,111	8,523	588	445	393	838	0.70
1992	9,728 (5)	9,369	359	460	375	835	0.42
1993	11,773 (6)	9,604 (7)	2,169	480	358	838	2.58
1994	12,799	10,536 (8)	2,263	500	339	839	2.69
1995	13,608	11,933	1,675	345	323	668	2.50
1996	15,247	12,460	2,787	355	310	665	4.19
1997	14,983	14,116	867	370	294	664	1.30
1998	15,355	13,273	2,082	385	278	663	3.14

(1) Total operating revenues, plus interest income

(2) Total operating expenditures exclusive of depreciation

(3) Including fiscal charges

(4) Reflects the full impact of increased fees charged to metered service zones located outside the City limits to a level consistent with that charged within the City limits.

(5) Adjusted for non-operating grant revenues of \$113,809 to offset related operating expenses.

(6) Includes \$113,809 of reimbursable hurricane related expenses, and \$366,000 in special insurance premium charges assessed by the General Risk Management Internal Service Fund.

(7) Adjusted for non-operating expenses of \$77,584 to offset related operating expenses.

(8) Adjusted for non operating grant revenues of \$4,859 to offset related operating expenses.

CITY OF NORTH MIAMI, FLORIDA

TABLE 11

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	(1) <u>Population</u>	(2) Per Capita <u>Income</u>	(2) Median <u>Age</u>	(3) Unemployment Rate <u>Percentage</u>	<u>CITY POPULATION BY AGE GROUP - 1998 (4)</u>	
					<u>Years</u>	
1989	42,201	13,297	35	5.3%	14 and under	9,877
					15-24	6,621
					25-34	10,086
					35-44	7,817
1990	50,001	13,753	34	7.2	45-54	4,547
					55-64	4,081
					65 and over	<u>7,229</u>
1991	49,541	14,209	N/A	9.3	Total	<u>50,258</u>
1992	50,090	14,665	N/A	10.7	<u>EMPLOYED PERSONS BY INDUSTRY - 1990 (5)</u>	
1993	50,243	15,121	N/A	8.5	<u>Industry</u>	
1994	50,405	15,577	N/A	8.6	Contract construction	1,385
					Manufacturing and extraction	2,530
1995	50,758	16,033	N/A	7.3	Transportation and utilities	2,261
					Retail trade	4,319
1996	50,757	16,770	N/A	8.0	Wholesale trade	1,368
					Educational services	1,619
1997	50,393	17,507	N/A	7.7	Other professional & related services	4,338
					Other services	3,779
1998	50,258	N/A	N/A	6.9	Finance, Insurance & real estate	1,914
					Public administration	<u>1,136</u>
					Total Workers, 16 years old & over	<u>24,649</u>

Notes:

- (1) University of Florida, Bureau of Economic & Business Research (Except 1990 - US Census of Population).
- (2) City of North Miami Planning and Development (Estimates based on US Census of Population 1980 and 1990).
- (3) Florida Department of Labor and Employment Security, Bureau of Labor **Market Information**, Local Area Unemployment Statistics Program, in cooperation with the US Department of Labor, Bureau of Labor Statistics.
- (4) City of North Miami Planning and Development.
- (5) U.S. Census of Population 1990.

CITY OF NORTH MIAMI, FLORIDA

TABLE 12

PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Fiscal Year	Total Permits Issued	New Construction Value (1)			Bank Deposits (2) (000)'s	Real Property Values (3)	
		Commercial	Residential	Total		Commercial	Residential
1989	1,631	\$ 7,639,975	\$ 4,541,589	\$ 12,181,564	\$ 21,721,850	\$ 235,194,340	\$ 694,793,276
1990	2,003	4,958,219	7,050,301	12,008,520	22,545,959	238,654,022	713,706,022
1991	1,251	1,027,289	3,230,263	4,257,552	21,879,774	232,832,622	757,646,433
1992	886	2,702,089	2,115,097	4,817,186	23,558,684	243,332,843	755,463,049
1993	786	4,473,664	3,625,171	8,098,835	23,334,147	231,810,530	753,572,580
1994	710	8,436,500	5,364,662	13,801,162	22,463,569	215,655,468	754,052,828
1995	379	5,571,100	3,095,985	8,667,085	25,330,393	211,509,130	793,906,643
1996	834	4,516,415	3,196,422	7,712,837	26,748,125	238,392,097	832,649,347
1997	797	7,405,756	3,263,310	10,669,066	28,229,233	240,603,748	856,926,470
1998	767	5,571,813	3,557,590	9,129,403	29,850,312	249,523,948	883,921,889

(1) Source: City of North Miami's internal data. Beginning in 1991 certain building permits have been excluded for not being "new construction" types.

(2) Florida Bankers' Association. The information presented is for Miami-Dade County as a whole which includes the City of North Miami.

(3) Source: Miami-Dade County Property Appraiser.

CITY OF NORTH MIAMI, FLORIDA

TABLE 13

MISCELLANEOUS STATISTICS

SEPTEMBER 30, 1998

Date of incorporation	1926
Form of government	Council/Manager
Number of employees (excluding police and fire):	
Classified	414
Exempt	16
Area in square miles	9.44
City of North Miami's facilities and services:	
Miles of streets	135
Number of street lights	2,642
Culture and recreation:	
Community centers	5
Parks	26
Park acreage	561
Golf courses	0
Swimming pools	2
Tennis courts	28
Museums	1
Outdoor roller rink	1
Water playgrounds	1
Fire protection (provided by Miami-Dade County):	
Number of stations	2
Number of fire personnel and officers	65
Number of calls answered	13,739
Police protection:	
Number of stations	6
Number of police personnel and officers	120
Number of patrol units	91
Number of law violations:	
Physical arrests	1,625
Traffic violations	16,892
Parking violations	1,413
Sewerage system:	
Miles of sanitary sewers	152
Number of service connections	12,145
Miles of storm sewers	21
Water treatment plants (the city utilizes, Miami-Dade County Plant):	
Daily average treatment in gallons	13,280,000
Water system:	
Miles of water mains	301
Number of service connections	19,725
Number of fire hydrants	827
Daily average consumption in gallons	13,300,000
Maximum daily capacity of plant in gallons	9,300,000
Other services:	
Education:	
Number of elementary schools	6
Number of elementary school instructors	390
Number of secondary schools	2
Number of secondary school instructors	175
Number of community colleges	0
Number of universities	2

CITY OF NORTH MIAMI, FLORIDA

TABLE 14

FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS

(FISCAL YEARS ENDED SEPTEMBER 30)

<u>Sources of Funds</u>	1999 (Budgeted)	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
General government funds (1):						
Franchise fees	\$ 2,332,350	\$ 2,347,932	\$ 2,297,153	\$ 2,143,755	\$ 2,096,970	\$ 2,043,867
Utility taxes	3,323,750	3,344,450	3,261,510	3,270,898	3,185,573	3,217,484
Sales and use taxes	697,116	729,794	716,935	712,241	706,198	708,812
Licenses and permits	814,925	837,967	854,755	854,497	837,461	909,227
Intergovernmental revenues (2)	8,724,314	5,731,218	4,742,163	5,737,134	6,060,920	4,790,507
Charges for services (3)	3,980,017	3,757,804	3,670,658	3,478,334	3,300,485	3,007,166
Fines and forfeitures	267,430	270,701	273,701	294,877	257,986	178,240
Other (4)	<u>777,942</u>	<u>1,255,703</u>	<u>1,153,395</u>	<u>798,802</u>	<u>1,831,190</u>	<u>3,453,291</u>
Total general government non-ad valorem funds (6)	<u>20,917,844</u>	<u>18,275,569</u>	<u>16,970,270</u>	<u>17,290,538</u>	<u>18,276,783</u>	<u>18,308,594</u>
Enterprise funds (5):						
Water and sewer utility	15,507,776	14,867,952	14,480,405	14,708,259	13,119,727	12,421,690
Solid waste services	4,604,100	4,511,319	4,417,853	4,435,223	4,036,240	4,037,812
Stormwater utility	<u>884,016</u>	<u>842,102</u>	<u>834,549</u>	<u>816,513</u>	<u>1,010,350</u>	<u>1,001,514</u>
Total enterprise funds						
Non-ad valorem funds	<u>20,995,892</u>	<u>20,221,373</u>	<u>19,732,807</u>	<u>19,959,995</u>	<u>18,166,317</u>	<u>17,461,016</u>
Total non-ad valorem funds	<u>\$41,913,736</u>	<u>\$38,496,942</u>	<u>\$36,703,077</u>	<u>\$37,250,533</u>	<u>\$36,443,100</u>	<u>\$35,769,610</u>

(1) Includes general fund, special revenue funds and debt service funds; excludes capital project funds.

(2) This category does not include grants to be paid by Miami-Dade County.

(3) Includes quasi-external interfund transactions.

(4) For years 1994 and 1995, revenues include sales proceeds from sale of land.

(5) Only operating revenues are shown.

(6) 1997 general government non-ad valorem funds have been restated.

CITY OF NORTH MIAMI, FLORIDA

TABLE 15

DEBT SERVICE REQUIREMENTS AND COVERAGE OUTSTANDING AND PROPOSED PAYABLE FROM NON AD VALOREM FUNDS (IN THOUSANDS)

Fiscal <u>Year</u>	Outstanding Debt <u>Service (1)</u>	<u>Pension Obligation Bonds</u>			Total Principal <u>Debt Service</u>	Non-Ad Valorem <u>Funds (2)</u>	Coverage <u>Ratio</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>			
1999	\$ 1,654,952	\$ -	\$ 856,575	\$ 856,575	\$ 2,511,527	\$41,913,736	16.69
2000	1,658,415	-	856,575	856,575	2,514,990	41,913,736	16.67
2001	1,656,027	-	856,575	856,575	2,512,602	41,913,736	16.68
2002	658,055	145,000	856,575	1,001,575	1,659,630	41,913,736	25.25
2003	654,233	355,000	841,143	1,196,143	1,850,376	41,913,736	22.65
2004	2,710,320	425,000	816,185	1,241,185	3,951,505	41,913,736	10.61
2005	1,969,110	505,000	786,138	1,291,138	3,260,248	41,913,736	12.86
2006		595,000	750,066	1,345,066	1,345,066	41,913,736	31.16
2007	-	275,000	714,772	989,772	989,772	41,913,736	42.35
2008	-	335,000	694,731	1,029,731	1,029,731	41,913,736	40.70
2009	-	400,000	670,231	1,070,231	1,070,231	41,913,736	39.16
2010	-	470,000	640,891	1,110,891	1,110,891	41,913,736	37.73
2011	-	335,000	609,808	944,808	944,808	41,913,736	44.36
2012	-	395,000	584,798	979,798	979,798	41,913,736	42.78
2013	-	470,000	554,925	1,024,925	1,024,925	41,913,736	40.89
2014	-	540,000	519,094	1,059,094	1,059,094	41,913,736	39.58
2015	-	630,000	477,750	1,107,750	1,107,750	41,913,736	37.84
2016	-	720,000	429,791	1,149,791	1,149,791	41,913,736	36.45
2017	-	820,000	375,218	1,195,218	1,195,218	41,913,736	35.07
2018	-	930,000	312,926	1,242,926	1,242,926	41,913,736	33.72
2019		1,050,000	242,366	1,292,366	1,292,366	41,913,736	32.43
2020		1,180,000	162,803	1,342,803	1,342,803	41,913,736	31.21
2021		1,325,000	73,500	1,398,500	1,398,500	41,913,736	29.97
	<u>\$10,961,112</u>	<u>\$11,900,000</u>	<u>\$13,683,436</u>	<u>\$25,583,436</u>	<u>\$36,544,548</u>		

(1) This assumes that total debt service on these bonds are paid from Non-Ad Valorem Funds. (See Table 16)

(2) This reflects the budgeted funds available for the fiscal year ending September 30, 1999 from General Government Non-Ad Valorem Funds and Enterprise Funds Non-Ad Valorem Funds. (See Table 14)

CITY OF NORTH MIAMI, FLORIDA

TABLE 16

DEBT PAYABLE FROM PORTIONS OF THE NON-AD VALOREM FUNDS

<u>Year</u>	Water and Sewer Revenue Bonds (1)	Capital Improvement Revenue Bonds, Series 1996 (2)	<u>Total</u>
1999	\$ 654,952	\$ 1,000,000	\$ 1,654,952
2000	658,415	1,000,000	1,658,415
2001	656,027	1,000,000	1,656,027
2002	658,055		658,055
2003	654,233		654,233
2004	2,710,320		2,710,320
2005	<u>1,969,110</u>	<u>-</u>	<u>1,969,110</u>
	<u>\$7,961,112</u>	<u>\$ 3,000,000</u>	<u>\$10,961,112</u>

(1) Includes outstanding Water and Sewer Revenue Bonds, Series 1963, Series 1964 and Series 1965.

(2) This debt consists of an issue of Capital Improvement Revenue Bonds, Series 1996 secured primarily by grant payments to be made by Miami-Dade County in the years 1999 through 2001 and secondarily by a covenant to budget and appropriate non-ad valorem revenues.

Source: City of North Miami, Florida Finance Department

PART IV - COMPLIANCE SECTION



Rachlin Cohen & Holtz LLP
Certified Public Accountants & Consultants

**Report of Independent Certified Public Accountants on Compliance and on
Internal Control over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Honorable Mayor, City Council and City Manager
City of North Miami, Florida

We have audited the general purpose financial statements of the City of North Miami, Florida (the City) as of and for the year ended September 30, 1998, and have issued our report thereon dated February 12, 1999. We did not audit the financial statements of the North Miami Museum and Arts Center, Inc. d/b/a Museum of Contemporary Art (MOCA), a component unit of the City which is discretely presented as a separate column in the general purpose financial statements of the City. Those financial statements were audited by other auditors whose report has been furnished to use and our opinion, insofar as it related to the amounts included for MOCA is based solely on the report of other auditors. Our report herein does not address their respective internal control or compliance. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Honorable Mayor, City Council and City Manager
City of North Miami, Florida
Page Two

However we noted other matters involving the internal control over financial reporting that we have reported to management in the schedule of findings and questioned costs accompanying this report.

This report is intended for the information of the Mayor, City Council and management. However, this report is a matter of public record and its distribution is not limited.

Racklin Cohen & Helz LLP

Miami, Florida
February 12, 1999



Rachlin Cohen & Holtz LLP
Certified Public Accountants & Consultants

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

Honorable Mayor, City Council and City Manager
City of North Miami, Florida

We have audited the general purpose financial statements of the City of North Miami, Florida (the City) as of and for the year ended September 30, 1998, and have issued our report thereon dated February 12, 1999. We did not audit the financial statements of the North Miami Museum and Arts Center, Inc. d/b/a Museum of Contemporary **Art** (MOCA), a component unit of the City which is discretely presented as a separate column in the general purpose financial statements of the City. Those statements were audited by other independent auditors whose report thereon has been **furnished** to us, and our opinion expressed, insofar as it relates to the amounts included for MOCA, is based solely upon the report of the other independent auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

In connection with our audit of general purpose financial statements of the City of North Miami for the year ended September 30, 1998, we report the following in accordance with Chapter 10.550, Rules of the Auditor General, Local Government Entity Audits which requires that this report specifically address, but not be limited to, the matters outlined in Rule 10.554(1)(e):

1. No inaccuracies, irregularities, shortages, defalcations or violations of laws, rules, regulations and contractual provisions were reported in the preceding annual financial audit.
2. The City, during fiscal year 1998, was not in a state of financial emergency as defined by Florida Statute, Section 218.503(1). The Solid Waste fund has had a deficit balance for three consecutive years. The deficit in the solid waste services fund is expected to be funded through a reduction in certain operating costs over the next several fiscal years.
3. Recommendations to improve the City's present financial management, accounting procedures and internal accounting controls have been addressed in the schedule of findings and questioned costs accompanying this report.
4. Recommendations made in the preceding annual financial audit have been implemented except as reported in the summary schedule of prior audit findings.



Honorable Mayor, City Council and City Manager
City of North Miami, Florida
Page Two

5. During the course of our audit, nothing came to our attention that caused us to believe that the City:
 - a. Was in violation of **any** laws, rules or regulations.
 - b. Made any illegal or improper expenditures.
 - c. Had improper or inadequate accounting procedures.
 - d. Failed to record financial transactions which could have a material effect on the City's general purpose financial statements.
 - e. Had other inaccuracies, irregularities, shortages and defalcations.
6. The annual financial report for the year ended September 30, 1998 has been filed with the Department of Banking and Finance pursuant to Section 218.32(1)(a), Florida Statutes, and is in agreement with the audited financial statements of the same period.
7. The City was incorporated by Chapter 165, Florida Statutes.

This report is intended for the information of the Mayor, City Council, management and the Auditor General of the State of Florida. However, this report is a matter of public record and its distribution is not limited.

Rachlin Cohen & Holtz LLP

Miami, Florida
February 12, 1999

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Justice</i>			
Office of Community Oriented Policing Services:			
COPS	16.710	N/A	\$ 20,068
Local Law Enforcement Block Grant	16.592	N/A	95,819
Federal Equitable Sharing Program	N/A	N/A	<u>10,244</u>
Subtotal Direct Programs			126,131
Pass-Through Program from:			
State of Florida Department of Juvenile Justice - Juvenile Justice Grant Project - L.I.F.T.	16.549	7010	75,252
State of Florida Department of Community Affairs - Miami-Dade County - BYNE Program	16.579	98-CJ-8C-11-23-01-028	16,236
City of North Miami Beach - Operation Midstream	N/A	17PMIP584	<u>990</u>
<i>Total U.S. Department of Justice</i>			<u>218,609</u>
<i>U.S. Department of Housing and Urban Development</i>			
Community Development Block Grant	14.218	N/A	<u>463,356</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>463,356</u>
<i>U.S. Department of Energy</i>			
Pass-Through Program from:			
State of Florida Department of Community Affairs - Local Government Alternative Fuels Initiative	81.041	95-SE-20-11-23-02-179	<u>1,189</u>
<i>Total U.S. Department of Energy</i>			<u>1,189</u>
<i>Federal Emergency Management Agency</i>			
Pass-Through Program from:			
State of Florida Department of Community Affairs - 1998 Hurricane Public Assistance Program	83.544	N/A	163,756
1998 Storm Public Assistance Program	83.545	98-RM-N4-11-23-02-02	5,729
Seawall Hazard Mitigation Program	83.548	95-DP-4Z-11-23-02-041	<u>117,381</u>
<i>Total Federal Emergency Management Agency</i>			<u>286,866</u>
<i>U.S. Institute of Museum and Library Services</i>			
Pass-Through Program from:			
State of Florida Department of State - Florinet Basic Connectivity Assistance Grant	45.310	DLIS-97-IC-62	<u>10,600</u>
<i>Total U.S. Institute of Museum and Library Services</i>			<u>10,600</u>
<i>Federal Highway Administration</i>			
Pass-Through Program from:			
State of Florida Department of Transportation - Miami-Dade County - Circular Transit Study Grant	20.505	AE997	<u>5,875</u>
<i>Total Federal Highway Administration</i>			<u>5,875</u>
<i>Total of Expenditures of Federal Awards</i>			<u>\$ 986,495</u>

N/A - Not available.

See accompanying note to the schedule of expenditures of federal awards.

CITY OF NORTH MIAMI, FLORIDA

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of North Miami and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.



**Report of Independent Certified Public Accountants on
Compliance with Requirements Applicable to Each Major Program and
Internal Control Over Compliance in Accordance with OMB Circular A-133**

Honorable Mayor, City Council and City Manager
City of North Miami, Florida

Compliance

We have audited the general purpose financial statements of the City of North Miami, Florida (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1998. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and **OMB** Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and **perform** the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1998.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with **OMB** Circular A-133.



Honorable Mayor, City Council and City Manager
City of North Miami, Florida
Page Two

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Mayor, City Council, management and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Miami, Florida
February 12, 1999

Racklin Cohen & Holtz LLP

CITY OF NORTH MIAMI, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

PRIOR YEAR'S COMMENTS AND STATUS

The following addresses the status of financial statement findings reported in the September 30, 1997 Comprehensive Annual Financial Report:

Matters addressed by the City during fiscal year 1998 that will not be repeated:

- Purchasing procedures
- Risk accounting
- Grants accounting
- Timely closing of books and records

Matters that are repeated in the accompanying schedule of findings and questioned costs:

- Fixed assets accounting
- Policies and procedures manual

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified Opinion

Internal control over financial reporting:

Material **weakness(es)** identified?

_____ yes X no

Reportable **condition(s)** identified not considered to be material weakness?

_____ yes X none reported

Non-compliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material **weakness(es)** identified?

_____ yes X no

Reportable **condition(s)** identified not considered to be material weakness?

_____ yes X none reported

Type of auditor's report issued on compliance for major programs: *Unqualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

_____ yes X no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

83.544

1998 Hurricane Public Assistance Program

83.545

1998 Storm Public Assistance Program

83.548

Seawall Hazard Mitigation Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low risk auditee?

 X Yes _____ no

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

SECTION 11 - FINANCIAL STATEMENT FINDINGS

Other Matters

1. Policies and Procedures Manual

The accounting policies and procedures manual of the finance department needs to be updated. An updated manual would promote operating efficiencies as well as strengthen internal controls within the accounting function as it would delineate procedures and responsibilities of each finance position. This comment was also reported last year.

Recommendation

We recommend that the finance department update its policies and procedures manual to reflect the current policies and procedures in effect for the respective accounting functions.

Management Response

The Finance Department is currently addressing this matter and has advised each division within the finance department that they must complete their respective procedures no later than September 30, 1999.

2. Fixed Assets Accounting

The City's recording of fixed assets is not prepared in a timely manner. Due to inefficiencies in the City's software, there was a lengthy reconciliation process required by the City in order for them to create the required entries for fixed asset additions and deletions (i.e., fiscal year 1998 entries not completed until March 1999). Some of these delays resulted from a lack of full integration between the City's accounting system and the Fixed Asset management system. It also appears that no specific individual is fully responsible for fixed asset transactions during the year. This comment was also reported last year.

Recommendation

We recommend that the City evaluate its current fixed asset system and assign finance personnel to monitor the recording of fixed assets on a timely basis.

Management Response

The Finance Department is requesting in its fiscal year 2000 budget, a junior accountant position that would primarily be responsible for fixed assets accounting. Additionally, the City's current budget has appropriated funds for an outside firm to **prepare/provide** annual fixed assets inventories, new fixed assets software and the valuation of the City's infrastructure assets. The Finance Department is also developing a project code accounting subsystem to improve the reporting of capital projects. These changes will improve the entire fixed assets accounting system.

CITY OF NORTH MIAMI, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Other Matters (Continued)

3. Year 2000

The Year 2000 Issue results from a computer's inability to process year-date data accurately beyond the year 1999. Except in recent years, computer programmers consistently have abbreviated dates by eliminating the first two digits of the year, with the assumption that these two digits would always be 19. Unless corrected, this shortcut is expected to create widespread problems when the clock strikes 12:00:01 a.m. on January 1, 2000. On that date, it is possible that some computer programs may recognize the date as January 1, 1900, and process data inaccurately or stop processing altogether. Additionally, it is possible that the use of abbreviated dates may cause failures when systems currently attempt to perform calculations into the year 2000.

Recommendation

We recommend that the City take the necessary actions to remediate or replace, and test all systems that may be negatively affected by the Year 2000 Issue, particularly mission-critical systems. This project should be monitored closely to ensure completion before mission-critical systems begin to fail. Such failures may be evident before January 1, 2000. If the City were to fail to take timely and appropriate action, it may experience costly and significant application-program failures that could prevent it from performing its normal processing activities which could have a material adverse effect upon the City.

Management Response

For the past year, a City committee comprised of representatives from each of the service departments has reviewed all City computers and other electronics with time sensitive components. During the year, the City identified all of the software and hardware that is not Y2K compliant. These system and hardware changes were completed by December 31, 1998. At present, the City is validating and testing all of its time sensitive equipment. So far, all systems have successfully made the transition during testing. Testing will continue throughout the year. Additionally, letters requesting Y2K compliance are being sent to major service providers (i.e., banks) and some suppliers.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.